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NEWS SUMMARY

GENERAL

Premier post 'refused' by Teng

Chinese Vice-Premier Teng Hsiao-ping has turned down an offer to take over as Premier *from party chairman Hua Kuo-feng*, according to Peking reports.

Mr. Teng is said to have told visiting U.S. journalists that the Chinese leadership was meeting to discuss modernisation and "sort things out." He also defended the policies of the late Chairman Mao Tse-tung.

In a sudden upsurge of political activity, including new wall posters, recently in China, there *have* already been calls for Mr. Teng to replace Chairman Hua. **Back and Pages 3 and 4**

Newton 'hired to kill Scott'

Former airline pilot Andrew Newton told the court in Minehead, Somerset, yesterday that he had been hired to kill Norman Scott for £10,000 by David Holmes, one of the three men accused with Jeremy Thorpe in a conspiracy to murder Scott.

Earlier, he said he had been told of the plot by another accused, George Deakin. After a plan to kill Scott with a chisel had failed, Newton took Scott to *Exmoor with the aim of shooting* him.

Newton said he got out of the car and shot Scott's dog, but pretended the pistol was jammed when it came to shooting Scott. Later he surrendered the gun to the police.

Under cross-examination he agreed he sometimes had difficulty in distinguishing fact from fantasy. He also agreed he had been given immunity by the Director of Public Prosecution. The trial continues.

Secrets 'blunder'

Mr. Sam Silkin, the Attorney General, should not have allowed the recent secrets trial of two journalists to continue under Section 2 of the Secrets Act after he had agreed to drop charges under Section 1, says the Law Society Gazette.

Oil spill risk

Oil would continue to be spilt around Britain and some spillages would be measured in thousands of tons, Mr. John Morris, the Welsh Secretary, told the Commons. The risk was "*part of the price" for our modern way of life.* **Page 8**

Mayor shot dead

San Francisco Mayor George Moscone, once a political ally of Peoples Temple leader Jim Jones, and another city official were shot dead yesterday. A former employee has been arrested.

Nixon advice

Former U.S. President Richard Nixon said in Paris that he would speak out on foreign and American affairs but planned no political comeback. He was going to "speak particularly on economic policies."

Arms talks

President Sarkis of Lebanon arrived in Paris in search of French arms and other aid in his efforts to restore political stability to his country. **Page 3**

Briefly . . .

Prince Charles will join the board of the Commonwealth Development Corporation for three years from January 1, but without the £1,000 a year fee.

Pam Ayres has accepted "substantial damages" in the High Court over a Sunday Express article casting doubts on the originality of her poems.

Floodlit cricket starts in Sydney, tonight using a black ball and white sightscreens.

Bookmaker William Hill is offering 16-1 against a White Christmas in London—snowfall on the Weather Centre in Holborn.

BUSINESS

Equities up 5; Gold falls $3¾

● **EQUITIES** rallied through the improved investment enthusiasm, the F.T. Ordinary Index closing five points up at 484.9.

● ***GILTS** were also firm.* The *Government* Securities Index closed 0.18 up at 68.38.

●**COCOA** was boosted by speculative buying to new 1978 highs on the London futures market.

By the close March delivery *cocoa was quoted at* £2,213.5 a tonne, £27 above Friday's closing level.

● **STERLING** rose 45 points to $1.9435 and the trade-weighted index was 62.4 (62.3). The dollar generally showed mixed changes. Its depreciation narrowed to 8.1 per cent (8.3).

● **GOLD** fell $3¾ to $197¼. In New York the November Comex price was $196.60 ($201.40).

● **WALL STREET** closed 3.72 higher at 813.84 in quiet trading.

● **U.S. TREASURY** Bill rates were: threes 9.166 per cent (8.696) and sixes 9.33 per cent (8.996).

● **AIRCRAFT** purchases worth more than £1bn are anticipated by British Airways over the next five years. The new aircraft will include 14 Boeing 747 Jumbo jets and nine Lockheed TriStars. Britannia Airways, the UK independent airline, has ordered three more Boeing 737 short range jet airliners. **Page 6**

● **BP** Chemicals is to build a £50m ethanol plant at its Grangemouth chemicals complex in Scotland; it should be finished by 1982. **Page 6**

● **EMERGENCY** committee of National Union of Journalists meets to-day to discuss sacking of 100 Bolton journalists in the week-old national campaign of industrial action. **Page 8**

● **OVERALL** benefit to UK balance of payments from North Sea oil should rise from just under £2bn in 1978 to more than £4bn by 1980, according to estimates by an Edinburgh firm of stockbrokers. **Page 6**

● **PRODUCTION** of BMW cars rose 13 per cent in the first nine months of this year. BMW also reports *demand far outstripping* the group's ability to deliver **Page 28**

● **MEETING** of 2,500 Swan Hunter workers on Tyneside rejected British Shipbuilders' plans to replace fragmented bargaining system with annual negotiations on a common date. **Page 8**

● **PAPER** and board production in the UK should increase by about 2 per cent this year compared with 1977, the industry's *federation forecasts.* **Page 7**

COMPANIES

● **J. H. FENNER** and Co. (Holdings) pre-tax profits improved from £8.41m to £9.06m in the *year to September 2.* This includes a five-month contribution from James Dawson and Son, acquired in April. **Page 25**

● **TRICENTROL** is replacing most of its Government-guaranteed production loans with a £60m commercial *facility.* The loan, which carried a 5 per cent royalty, was to finance Tricentrol's share of the Thistle Field, now on stream. **Page 22 and Lex**

Government to go ahead with Ford sanctions today

BY HAZEL DUFFY, RICHARD EVANS and ALAN PIKE

The Government will announce its pay policy sanctions against Ford this afternoon in spite of a powerful plea from Sir Terence Beckett, Ford chairman, that the 17 per cent pay settlement is not inflationary.

Sir Terence, who had a two-hour meeting with Ministers yesterday afternoon, where he explained the pay settlement, will meet Ministers again this morning to hear the nature of *the sanctions.*

If Sir Terence agrees, the sanctions will be included in the general statement. They will definitely include an instruction to Government Departments and nationalised industries not to buy *Ford vehicles, but it is possible* that this will not be extended to local authorities because of the difficulty of implementing it with Conservative-controlled councils.

Other sanctions which may be imposed against Ford are withdrawal of some Export Credits Guarantee Department support and future Government financial assistance on investment projects. The Bridgend engine plant will not be affected.

Sir Terence spelled out his case to the three Ministers most closely involved with pay sanctions policy, Mr. Eric Varley, the Industry Secretary; Mr. Albert Booth, the Employment Secretary; and Mr. Roy Hattersley, the Prices Secretary.

It is thought that the Government wanted to announce its sanctions against Ford last week, but was persuaded by Sir Terence to delay pending the return to work of Ford employees yesterday.

In spite of Sir Terence's statement that the settlement is not inflationary, the Government takes the view that there can be no guarantee that the supplementary payments plan, which is designed to curb unofficial strikes, will work. In this light, *the settlement is clearly in excess* of the pay guidelines.

The decision to blacklist Ford was taken by a Cabinet committee chaired by Mr. Denis Healey, Chancellor of the Exchequer, after confirmation that Ford workers had accepted the 17 per cent pay settlement.

Mr. Healey was not at yesterday's meeting with Sir Terence, and it may be necessary for the three Ministers to consult him before the sanctions announcement is made, *probably by a* Press notice from the Treasury.

There is no intention at present of making a Ministerial statement to the Commons, but there are certain to be persistent demands from MPs for an emergency debate

Ford maintains that on its pricing policy it is well within the Government's objectives of single figures.

It has a 4.9 per cent increase in the pipeline to recover cost increases incurred in the past six months, *which follows a 3.9* per cent increase seven months ago.

The company is pledging that it will not seek to recover the increase in labour costs from the current settlement beyond the 5 per cent permitted in the guidelines.

In other words, Sir Terence said, if the savings expected from the settlement do not materialise the company will take the full impact on its profits.

Sir Terence said that, as Fords wished to contribute toward controlling inflation and improving the prosperity of the country, its productivity scheme had to be real, not "cosmetic," and "capable of wholly financing that part of the wage award in excess of a 5 per cent increase."

The company says that if the

Continued on Back Page

Government may face 30 per cent claim from civil servants. **—Back Page**

Ireland likely to join EMS

BY STEWART DALBY

IRELAND is now almost certain to join the projected European Monetary System whether Britain goes in or not, provided her major condition of a transfer of resources is met.

Should Britain decide not to participate, Irish membership will inevitably mean a break in the parity link between sterling and the Irish pound.

This emerged from a meeting in London yesterday between Mr. Jack Lynch, the Irish Prime Minister, and Mr. James *Callaghan.*

Mr. Lynch accompanied by Dr. George Colley, the Irish Finance Minister, was apparently told that Britain accepted that Ireland would need a transfer of resources above what she now receives from the Common Agricultural Policy and the EEC regional and social funds.

Britain would support Ireland's request for at least £650m from the EEC over a five-year transitional period. The Irish Government *would prefer the aid in* grant form, but may have to receive it as a low interest loan.

Mr. Callaghan reiterated to Mr. Lynch that Britain made no final decision about her own membership. Ireland would have to steer *her own course toward the* Brussels Summit on December 4 and 5.

The Irish Government fervently hopes that Britain will join EMS in some form.

A firm decision about joining will be made by Ireland in the next few days, after Mr. Lynch completes a round of talks with Heads of EEC Governments.

Exports

Mr. Lynch is seeing Herr Helmut Schmidt, the West German Chancellor, in Bonn today. Last week he saw President Giscard d'Estaing of France, who he said, was very encouraging on the question of a resource transfer.

Ireland intends to use the £650m from the EEC to offset any harmful effects to her visible trade, which membership of the EMS could mean.

The £650m figure was arrived *at on the basis of a 2 per cent* deflationary effect each year for the next five years. Ireland's gross national product approaches £8.5m.

It is accepted by Irish Government officials that if Britain *decides not to enter EMS Ireland* will need more than £650m, since 47 per cent of exports still go to Britain.

It is being assumed that a free Irish pound would appreciate against sterling, making exports *more expensive.*

Mr. Lynch made the point to Mr. Callaghan that Ireland did not favour a reform of the structure of the Common Agricultural Policy as has been suggested by Britain, and that in any event the CAP reform should be kept entirely separate from the EMS.

Labour committees demand British veto, **Back Page**

ALLEGATIONS BY STRIKERS AT CENTRAL BANK

Iran leaders 'moved £1bn funds abroad'

BY ANDREW WHITLEY TEHRAN, Nov. 27.

ALLEGATIONS that Iran's ruling elite transferred nearly £1bn out of the country during the eight weeks preceding the imposition of crisis exchange controls earlier this month were made today by dissident employees of the central bank.

Documents being circulated by the disaffected members of the Central Bank of Iran—the Bank Markazi — who staged a lightning strike last Saturday, claim that the 177 prominent Iranians involved include close *relatives of the Shah, senior* Generals, former Ministers, and top officials still at their posts.

The documents, which are so far unsubstantiated by independent corroborative evidence, are nevertheless very detailed and claim that the transfers were made during the height of the country's political turmoil, from late August onwards, when it looked as if the Shah might be forced off the throne.

Observers in Tehran, though accepting that the bank employees are politically motivated, are disposed to accept the likely authenticity of the documents. The main question is how those involved could have raised ready cash of the amounts listed. The sums range from £1.1m in the case of a former Labour Minister to £35.3m from a main still holding one of Iran's top economic posts.

The distribution of the list coincided with the appointment *of Ali Asghar Amin, a jurist, to* lead the inquiry into the royal family's financial affairs.

Since the crisis began many of the 60 members of the royal family have, in the words of one diplomat, "packed up and left the country, lock, *stock and* barrel."

In view of the new military government's strenuous efforts to convince a highly sceptical public of its commitment to the anti-corruption drive now in full swing, the publication of this four-page list of names and figures is considered here to be political dynamite, in both its content and timing.

Although there is no suggestion by those who leaked the list that the sums involved were obtained by illicit means, the implication that the Establishment was thereby showing so little faith in the future of the regime will be highly damaging.

The question of the propriety of their action will also be raised by all those who have subsequently been unable to transfer their assets to safer homes abroad because of the new controls.

Until the formal imposition of exchange controls on November *7, the only legal requirement was* for the commercial banks to inform the Central Bank of individual transfers, so that the overall inflow and outflow of currency could be monitored. It is from these Central Bank records that the bank's employees claim they have compiled this list, and they say they have documentary evidence to back up their claims.

One explanation being put forward here for the large sums involved could be that assets had been liquidated over the previous months in anticipation of just such a crisis as that Iran faces today.

The Opposition claimed tonight that the military's action on Saturday in expelling the central bank strikers from their offices, and arresting some of their number was precipitated not by the strike itself but by fears over the consequences of the publication of the bank's files.

'Traitors'

In a covering note attached *to the list, the central bank officials' syndicate says:* "By reading these pages know some of the amounts that these traitors of the country possess."

"It says that they included only sums above 100m Rials (£735,000), *transferred* in the Iranian months of Shahrivar and Mehr, from August 22—when massive street demonstrations led directly to the imposition of martial law two weeks later—to October 22. This was days before the military government's takeover and the subsequent full imposition of exchange controls.

At the end of their document the strikers claim that 17 other, unnamed big accounts were sent on diplomatic authority to a number of Swiss, French and U.S. banks. The sums involved came to £276m.

The transfer of money abroad in large sums, to buy land or businesses in Western Europe and the U.S., has been a normal and acceptable activity here for at least the past three years, but the rush accelerated during the summer.

Since the imposition of exchange controls, the only difference discernible in public is that enormous queues form every day outside the State-owned Bank Melli's central branch. Many smaller commercial banks are turning their own customers away when requests are made for even small foreign remittances.

£ in New York

	Nov. 27	Previous
Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

Fukuda to step down after primary defeat

BY CHARLES SMITH TOKYO, Nov. 27.

MR. MASAYOSHI OHIRA, secretary general of Japan's ruling Liberal Democratic Party, is likely to take over as Prime *Minister within a matter of days.*

This follows the effective withdrawal from the party's leadership race today by Mr. Takeo Fukuda, the Prime Minister. Mr. Fukuda gave up his bid to win re-election as the president of the Liberal Democratic Party after a surprise defeat by Mr. Ohira in an unprecedented primary election.

Mr. Fukuda's withdrawal seems unlikely to produce drastic foreign economic policy changes—if only because Japan's options in these areas are extremely limited.

It will, however, bring a change of political style within the Liberal Democrats, particularly as regards the handling of the party's relations with the Opposition.

Mr. Ohira's surprise victory in the month-long primary, whose result was announced at midday, left Mr. Fukuda free to continue *his bid for re-election as party* leader in the final run-off election which was due to have been held at the end of this week with voting confined to Liberal Democratic members of the Diet (Parliament).

But Mr. *Fukuda seems* to have decided to accept the verdict of the 1.3m party members who voted in the primary after being advised that to carry the struggle through to its conclusion would cause unnecessary tension within the party.

The election upset was being belatedly attributed tonight to better organisation within the Ohira camp and to the support of the powerful and wealthy Tanaka Faction—the *intra-party* group surrounding the former Prime Minister Mr. Kakuei Tanaka.

A preliminary analysis of the election result, however, suggests that support for Mr. Ohira was broadly based and not the result of "freak votes" in particular *areas: Mr. Ohira scored* 550,891 votes (42 per cent of the total) against Mr. Fukuda's 472,523 (36 per cent).

Mr. Ohira is an advocate of consensus politics which, in the Japanese context, means the search for a harmonious relationship between the ruling LDP and the more centrist of the four "progressive" opposition parties.

Investors in the Tokyo stock market appeared disappointed by Mr. Fukuda's defeat. In early trading the 225-stock Nikkei Dow Index had risen to a new historical high of just over 6,000—up about 10 from the previous close.

By the end of the session after election reports circulated stock prices had slumped 10.32 points to close at 5979.44—breaking an eight-session climb.

Editorial comment, Page 20

'Save Times' plea to Callaghan

BY CHRISTIAN TYLER, LABOUR EDITOR

LAST-MINUTE efforts were made last night to persuade the Prime Minister or the TUC to *prevent The Times,* its three supplements, and The Sunday Times disappearing from the streets from Thursday night, possibly for many weeks.

But even if Mr. Callaghan does intervene—and the Government showed no *sign* of that *yesterday—it looked* improbable that Times Newspapers would lift its threat to suspend publication on that day.

Thomson British Holdings is now facing the possibility of sympathetic action at some or all of the 54 titles in another publishing division, Thomson Regional Newspapers.

Delegates of the National Graphical Association from TRN chapels (office branches) met *yesterday* to consider widening the battle in the event of the suspension occurring. The NGA alone of the seven main print unions has refused to negotiate with The Times until the suspension threat is removed.

The delegates representing some 5,000 NGA members, unanimously carried a resolution which said: "*This meeting offers* wholehearted support for the stand taken by the national council (of the NGA) in its fight for a principle against Times Newspapers. It will therefore recommend all chapels to give *financial, moral and industrial* support to the national council at the appropriate time."

The principle referred to is Times Newspapers' plan to introduce computer-linked typesetting equipment, some of which would *be operated by journalists and* tele-ad girls, not NGA printers.

A decision on what kind of support to ask from the regional chapels will be taken by the union's national council next week. Fleet Street NGA chapels have pledged £25,000 a week from a voluntary £5 a head levy.

Mr. Joe Wade, general secretary, said after the meeting that The Times was attempting something that operated nowhere else in Britain, except at one predominantly non-union Birmingham paper. Papers in Portsmouth and Sunderland had tried a couple of years ago to install "direct inputting," but failed.

*He said that whatever eleventh-*hour intervention there was, "our position is exactly the same."

Last night the main board of Times Newspapers issued a statement reaffirming its "total support" for the action taken by the executive board.

Following the NGA chapel officials' decision, Mr. David Cole, managing director of Thomson *Regional* Newspapers, said: "I do not think that anything staff do to our papers will influence Times Newspapers one iota, no more than the other way round."

The two businesses were quite separate, he said, and technology policy at The Times was not the same as in provincial papers. Some TRN papers had had computer-typesetting for years, but the keyboards were operated by NGA men.

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CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

AB Electronic	142	+ 8
BAT Inds.	286	+ 8
BPB	231	+ 8
Barclays Bank	358	+ 11
Bellway	78xd	+ 3
Burton A	173	+ 6
Clark (Matthew)	156	+ 6
Dowty	278	+ 8
ERF	120	+ 7
GRE	228	+ 6
HTV N/V	119	+ 6
ICL	436	+ 14
Lindustries	137	+ 5
Lloyds & Scottish	92	+ 4
MFI Furniture	160	+ 10
Man. Agency & Music	107	+ 5
NatWest	275	+ 9
Racal Electronics	334	+ 8
Ratners	69	+ 5
Reed Intl.	165	+ 9
Robertson Foods	145xd	+ 6½
Sotheby PB	365	+ 13
Stewart Plastics	187	+ 5
Tube Invs.	394	+ 8
Trust Houses Forte	238	+ 5
Turner & Newall	180	+ 4
Utd. Engineering	82½	+ 8
Willis Faber	238	+ 8
Wilson Bros.	42	+ 3
BP	948	+ 12
Impala Plat.	175xd	+ 5
Northgate Expln.	460	+ 20
Westfield Minerals	360	+ 40

FALLS

Anglo Amer. Corp.	293	− 13
Buffels	732	− 22
De Beers Defd.	340	− 18
Free State Geduld	£12½	− ½
President Brand	758	− 48
Southvaal	403	− 14
Vaal Reefs	£12	− ¼

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FEATURES

For latest Share Index 'phone 01-246 8026

Agreement near on DM issues of U.S. bonds

BY ROBERT MAUTHNER — PARIS, Nov. 27.

AGREEMENT HAS been reached on most of the details of the first instalment of foreign currency-denominated U.S. Treasury Bonds, to be issued in West Germany in mid-December as part of President Carter's package to stabilise the dollar, officials said here today.

The U.S. decision to sell $10bn of Treasury Bonds abroad, the first ever to be issued in foreign currencies, and which will carry an unconditional guarantee of the U.S. Government, was one of the subjects discussed today by the OECD's Working Party Three, which deals with balance of payments problems.

The sources said that some DM 2.5bn to DM 3bn (about $1.25bn to $1.5bn) worth of the Bonds would be floated on the West German capital market to be followed by another issue next year.

About one-third of the total of $10bn of bonds is expected to be issued in West Germany.

The Treasury officials and Central Bankers at today's meeting were generally satisfied with the current trend of balance of payments adjustments.

According to the latest OECD forecasts, the surpluses of the stronger economies will be sharply reduced next year, while most of the so called "convalescent" countries will have moderate surpluses after their heavy deficits over the past few years.

The lower growth rate in the U.S. next year—little more than 2 per cent according to the revised forecasts—will help to bring down the U.S. current deficit to about $8bn in 1979, after a shortfall of nearly $20bn in 1978. This is $4bn less than the forecast made by the OECD Secretariat just before the announcement of President Carter's package of economic measures,

expected to be reduced to $12bn in 1979 from $20.5bn this year, while West Germany's surplus is expected to come down to somewhere around $3bn from $6.75bn in 1978.

These estimates have been made on the assumption that there will be no more than a modest increase of about 6 per cent in the price of oil.

Most delegates considered that the conditions were now favourable for a stabilisation of the dollar, which would be greatly helped not only by the progressive reduction of the U.S. payments deficit, but also by the large disparity between interest rates in the U.S. and the stronger Western economies, particularly West Germany.

Policy split among French Socialists

BY ROBERT MAUTHNER — PARIS, Nov. 27.

THE DISAGREEMENTS within the French Socialist Party over its future policy, following the defeat of the Socialist-Communist alliance in the general election last March, were thrown into stark relief at a national convention which ended yesterday.

Though M. Francois Mitterrand, the party leader, is still in the saddle, his position is being threatened increasingly by a vociferous minority led by 48-year-old M. Michel Rocard, who wants the party to adopt a new political and economic line.

Behind the clash of personalities lie profound differences between supporters of M. Mitterand and M. Rocard on what French Socialism is about. While M. Mitterrand accepts that the Socialist-Communist programme over which the two parties quarrelled so bitterly during the months leading up to the general election is a dead duck, he still firmly adheres to its basic philosophy and to the concept of a union of the Left.

The Socialist leader again emphasised during the convention that, unless the party came out clearly in favour of a complete break with capitalism, which implied an extension of the public sector through nationalisation and the pre-eminence of centralised planning, the Socialist Party would lose its identity. "What would be the use of becoming a vague copy of those eternal reformist parties who always ended up in the bed of the ruling class?" M. Mitterrand asked.

M. Rocard, on the other hand, wants the French Socialist party to adopt more flexible and realistic economic policies, which would preserve the essentials of a free market economy and would be closer to those of other European Social Democratic parties.

So far a complete split has been avoided and an attempt will be made over the next few weeks to try to reach a compromise between the two factions. But M. Mitterrand himself has not ruled out the possibility that he might stand down as party leader at the next Socialist congress in April, if his authority continues to be undermined. If he does so, M. Rocard is not necessarily assured of taking his place. He may well be pipped at the post by M. Pierre Mauroy, the Mayor of Lille and leader of the powerful Nord Department Federation, who has played a clever mediating role throughout the policy dispute which has rocked the party.

Senators criticise SALT

LISBON, Nov. 27.

U.S. SENATOR Henry Jackson said today the emerging Strategic Arms Limitations Treaty (SALT) failed to check the Soviet heavy missile threat to the United States and would limit NATO's chances to regain military equity in Europe.

Sen. Jackson said the SALT, a major foreign policy goal of the Carter Administration, is likely to affect adversely the East-West balance by allowing the Soviet Union to deploy the Backfire bomber and the SS-20 mobile multiple-warhead ballistic missile. He said the agreement is likely to restrict severely NATO's use of Cruise missiles with the 1,500 mile range required to cover targets in the Soviet Union.

The Democratic Senator asked for toughening of the arms agreement in a speech to the military committee of the North Atlantic Assembly, a group of NATO parliamentarians holding its annual meeting in Portugal for the first time this week. The Assembly debates political, military and economic issues and recommends policy in a series of non-binding resolutions.

Sen. Jackson told a news conference he wanted a new arms treaty with "balanced, equal and verifiable" provisions resulting in a genuine mutual reduction of forces.

AP

W. German business mood rising

By Adrian Dicks — BONN, Nov. 27.

BUSINESS confidence in West Germany, steadily rising for several months now, increased further during October, the IFO Economic Research Institute of Munich reported today. The Institute's index of the business climate, widely regarded as one of the most reliable German economic indicators, now stands at a higher level than at any time since 1972.

Average capacity use for the whole of the manufacturing industry improved from 80.3 per cent in July to 81.5 per cent last month, and was as high as 88.4 per cent for the group of industries turning out current consumer goods. For the capital goods sector, often seen as the key, there was a further bolstering of order books and a higher proportion of companies judging the current situation as "favourable." Virtually all the individual industries included under the heading reported an increase in production, with the continuing exceptions of steel, shipbuilding and aluminium fabrication.

Manufacturers of consumer durables also reported a continued improvement in their business expectations, with a further period of booming domestic sales ahead. As in the past few months, motor cars, electrical appliances and household ceramics led the field, while textiles and furniture sales slowed down.

In its own comments on this month's survey results, the IFO Institute observes that the cyclical upswing it has been recording ever since the spring has been broadening out to an increasing range of industries, with demand stemming from the foreign as well as the home market.

The Institute reckons this year's increase in net industrial production at 2 per cent, rising to 3 per cent in 1979. It also points out that the net contribution of the manufacturing sector to gross domestic product is likely to be somewhat greater than this figure would suggest, owing to the difficulty of quantifying qualitative improvements.

Kohl stands by Carstens for President

BONN, Nov. 27.

HERR HELMUT KOHL, the Christian Democrat leader, said to-day he will propose Herr Karl Carstens, a former Nazi Party member, for the West German Presidency next year.

Herr Walter Scheel's five-year term as Head of State expires next year. He has indicated that he will not seek another term despite the support of the ruling Social Democrats and the Free Democrats. Herr Scheel has also been accused of Nazi party membership before the Second World War.

Herr Carstens, a CDU member, who is Speaker of the Bundestag, has been criticised because of his Nazi past, but argues that he clearly underestimated the importance of Hitler's party at that time.

A statement today from the Christian Democrats said that the party presidium representing the CDU and their Bavarian ally, the Christian Social Union, had unanimously accepted Herr Kohl's suggestion to nominate Herr Carstens for President.

EEC loans facility go-ahead

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT — BRUSSELS, Nov. 27.

PLANS TO ESTABLISH a new EEC lending facility, with a capacity of up to 1bn units of account (about £680m) were finally given the go-ahead today with the signature of a formal convention between the European Commission and the European Investment Bank (EIB).

The facility, which has been under discussion for the past 18 months, is intended to boost the level of investment in the Community by providing partial funding for projects in selected sectors. These are expected to include energy programmes, certain industrial ventures and regional development and infrastructure schemes.

The commission must now propose to the Council of Ministers more detailed criteria for projects to be financed by the first tranche of loans, which could total as much as 300m units of account. Once these have been agreed, probably early next year, the first applications will be solicited from potential borrowers.

Among the possible investments which have aroused interest in the Commission are the proposals being studied jointly in Britain and France to construct a cross-channel grid linking electricity networks in the two countries. EEC funding would, however, have to be requested by the national electricity authorities concerned.

Loans, which will be mainly of medium- and long-term maturity, will be granted by the EIB after being vetted initially by the Commission. The EIB will have final authority over lending decisions and will set the terms of loans and administer them. It will also be responsible for financing the programme by borrowing on capital markets.

The facility was first proposed in the spring of last year by M. Francois-Xavier Ortoli, the Commisioner for Economic Affairs, as an adjunct to the EIB's normal lending activities. Last year, the EIB lent almost 1.6bn EUA and almost all of it to borrowers inside the Community.

The plan has taken on new significance recently in the light of demands by the economically less-developed EEC countries, notably Italy and Ireland, for a substantial increase in EEC investment aid to help them participate in the planned European Monetary System. These demands are expected to be discussed at next week's summit of Common Market leaders in Brussels, at which the final details of the system are due to be decided.

No time limit has been set for the life of the facility, which will be made available in tranches up to a total of 1bn EUA. But it has been agreed that it will be reviewed after 800m EUA have been disbursed or after two years, which ever comes first.

Progress in putting the new lending facility into operation has been stalled by a protracted dispute with the European Parliament, which has insisted on being given as big a role as possible in supervising it. Though the argument remains partly unresolved, the Parliament has agreed to let the programme go ahead.

Equal social security for women by 1985

BY GILES MERRITT — BRUSSELS, Nov. 27.

AN EEC directive under which women will gain equal social security and unemployment benefits during the next six years was adopted unanimously by the Council of Ministers in Brussels today. The Ministers also agreed to implement a £98m plan aimed at creating an additional 100,000 jobs for school-leavers and young people throughout the Nine next year.

The directive on equal benefits for women complements two earlier EEC moves which directed in 1975 and 1976 that women should receive the same pay and professional conditions as men. The third directive lays down a six-year transitional period during which member Governments must remove inequalities between the sexes with regard to sickness benefit, invalidity and state retirement pensions, accidents at work and unemployment benefit. It is expected that these measures will cost the UK between £20m and £30m by 1985.

The scheme to harmonise social security structures inside the Common Market will not cover the allowances payable to women with dependent children or those covered by private pension schemes, operated, for instance, by their employers.

Both types of social security were originally to be included in the directive, but objections based on administrative difficulties prompted the ministerial social council to drop them. They are, instead, to be the subject of a fresh set of European Commission proposals that will be presented to the council in two years' time.

On the question of youth unemployment, which, at about 2.5m people under 25, now accounts for over a third of the EEC's jobless total, the council agreed on a one-year plan aimed at creating up to 100,000 new jobs. Half of the £98m total is to be allocated from the Community's social fund, with national Governments contributing the remainder.

French objections to job creation by central Governments have resulted in the schemes being restricted to regional and municipal authorities, with non-profit-making private bodies eligible for grants as well.

The plan also provides for employers to qualify for a subvention of 30 ECUs (£20) a week for each new employee under 25 taken on during 1979. No national quotas have been established, so that the degree to which member nations draw upon social fund payments is expected to be decided at official level during the course of next year.

Common Fund deadline extended

BY DAVID HOUSEGO — GENEVA, Nov. 27.

THE DEADLINE for concluding negotiations to establish a controversial new multilateral institution with a role in stabilising commodity prices was today extended by 24 hours until tomorrow night.

Delegates from over 100 countries to the Common Fund conference here agreed to this postponement in the hope of bringing discussions on the Fund—which have broken down twice before to a successful end.

Among the industrialised countries, the United States and West Germany were the most insistent today that before they showed any further flexibility on the Fund's financing developing nations should agree to certain key elements on its operation.

Of the major industrialised states, Japan seemed readiest to make concessions—a departure from its normally tough stand on Third World issues that apparently stems from its desire that next year's important UNCTAD V conference in Manila should pass off without a serious clash between developing and industrialised nations. Britain has been taking a middle of the road position within the EEC group.

Of the developing nations, the African group is the most opposed to accepting the West's proposals, as it stands to gain least from a Common Fund based on the buffer stocking of commodities in which its member nations have little interest.

Many other developing countries seem to have unrealistic hopes that industrialised nations will come close to accepting their demands for a total of $800m in direct government contributions to the buffer stocking facility and a "second window" for concessional lending. For the two "windows," the maximum total the West seems prepared to accept in direct contributions is $500m-$550m, though their proposal so far amounts to $400m-$450m.

The key principles on which the industrialised nations are insisting would have the effect of diminishing the status of the Common Fund from a new Third World banking institution to a financing facility of assistance to commodity associations. They want formal recognition that:

- The pivot for the Fund would lie in the pooled resources of commodity associations;
- The proportion of direct contributions to the "first window" raised through cash and callable capital should be spelt out in a manner that limited the liquidity at the Fund's disposal;
- Contributions to the "second window" should be voluntary, not mandatory.

The two sides were meeting tonight in an attempt to draft an agreed document setting out the framework of the Fund to which industrialised nations propose adding some figures later.

Japan has proposed that the minimum equal contribution of member states to the Fund should be $600,000—a proposal rejected by other industrialised countries. New Zealand, Belgium and Ireland maintain that they cannot afford more than $200,000, which is the level of the present Western figure. Any outstanding amount in direct contributions would be in callable capital.

Lockouts threat to IG-Metall

BY ADRIAN DICKS — BONN, Nov. 27.

WEST GERMAN steel employers, faced with the industry's first strike in half a century tomorrow morning, announced tonight that they will hit back with a series of selective lock-outs, affecting about 28,000 workers.

The employers' decision, at an emergency meeting in Krefeld, came at the end of a day in which neither they nor the steelworkers' union, IG-Metall, made any perceptible attempt to head off the strike. Last-minute talks over the weekend came to nothing, and Herr Eugen Loderer, the IG-Metall president, said on Sunday night that there could now be no turning back.

The union has called out some 37,000 of its membership of more than 200,000 in the three wage-bargaining regions of North Rhine-Westphalia (including the Ruhr), Bremen and Osnabrueck.

Thyssen, the biggest steel company in Western Europe, will be the hardest hit, but other leading groups including Fried Krupp Huettenwerke, Mannesmann and Hoesch will also be struck. The lock-outs, which come into effect on the morning of December 1, will affect some of these companies as well as others which are not yet on the IG-Metall list to be struck.

All the plants selected are major suppliers to the booming West German motor industry—virtually the only sector in which the steel industry is making any money. The motor manufacturers appeared tonight to be confident of maintaining production from stocks for up to about two weeks. Should the steel stoppage last longer, some would find themselves in difficulties, above all with components. Several were believed to be attempting to arrange for their sheet steel requirements to be supplied from abroad for at least the duration of the strike.

At the heart of the dispute is IG-Metall's demand for progressive introduction of a 35-hour working week in the steel industry. The employers have refused even to discuss this. At the weekend they produced a last-minute offer of six weeks' holiday for everyone in the industry plus a 3 per cent average wage increase. This offer was, in turn, rejected scornfully by Herr Loderer and his colleagues on the IG-Metall national executive.

The dispute will be critical for West German industrial relations, not only because of the disruption it threatens for a major sector but because of the principles involved.

European patents for Italy

By A. H. Hermann, Legal Correspondent

ITALY is now confidently expected to make implementing regulations for applications for European patents in ten days time.

British patent agents have been pleasantly surprised by the speed with which Italian authorities have acted to remove doubts which surrounded the inclusion of Italy in the number of countries for which a patent application can be made by a single document processed by the European Patent Office in Munich. The date from which the European Patent Convention will embrace also Italy can now be taken as December 1, 1978.

This date has been determined by the ratification of the Convention by Italy in September 1978. However, international conventions are not directly effective in Italy and require implementing legislation. After the great delay experienced after the ratification of the London text of the Paris patent convention in 1954—when it took 14 years before the ratification was given practical effect in Italy—there were fears that the European Patent Convention may suffer a similar fate. These now seem to have been dispelled.

'Positive' EEC view on Spain

BRUSSELS, Nov. 27.

SR. LEOPOLDO CALVO SOTELO, Spain's Minister for Common Market Affairs, ended a two-day visit to Brussels today after receiving an advance look at the European Commission's formal opinion on Spanish membership of the EEC.

Sr. Calvo Sotelo declined to describe the opinion to reporters, noting that it will soon be officially released by the Commission. But he said it was "very serious, very complete," and indicated that it was positive.

Sr. Calvo Sotelo also met Mr. Finn Olav Gundelach and M. Etienne Davignon, the respective Commissioners for Agriculture and Industrial Affairs.

Bundesbank reports M3 increase

West German M3 money supply rose 11.7bn marks seasonally adjusted in October after a 8bn gain in September and 6.7bn rise in October last year, the Bundesbank said yesterday, agencies report. The total now stands at 627bn marks. The Bundesbank said later in a report that M3 has grown at an annual rate of 15.5 per cent in the last six months, far above the 8 per cent growth goal the Central Bank set at the beginning of 1978. M2 grew at a 20 per cent annual rate in the last six months while M1 was up 12 per cent, the West German Central Bank said. The primary impetus for the October money supply growth came from foreign capital inflows and from public cash arrangements. Foreign capital inflows rose 3.5bn marks in the month, compared to a decline of 1.8bn marks in September and an increase of 3.5bn marks in October 1977.

Spanish loan repaid

Early repayment has been completed on the $1bn Kingdom of Spain loan signed in August 1976, Robert Graham reports from Madrid. Repayment has been made in four monthly instalments of $250m. The authorities decided in August to begin early repayment taking advantage of the country's strong foreign reserve position to lessen the burden of a debt contracted at a spread of 1½ (over five years). After repayment of the final instalment last week, Spain's total foreign reserves stood at $9.5bn.

Portugal price rises

Portugal's consumer price index for Lisbon and Oporto registered 518.1 and 324.9 in September, up 15 per cent and 17 per cent from a year earlier, according to the National Institute of Statistics AP-DJ reports from Lisbon. The index showed increases of 1 per cent from August.

Italy car sales drop

Italian new vehicle registrations declined 2.5 per cent in September from the comparable month of last year, AP-DJ reports from Rome. In the first nine months, registrations were down 9.7 per cent from the comparable period of 1979 and totalled 1,031,603 (1,141,912).

French oil imports

French crude oil imports declined 2 per cent during the first nine months of the year to 82,982,478 tons, AP-DJ reports from Paris. Quoting figures published by the Comité Professionnel du Pétrole, it said imports from Gulf states were down 3.6 per cent to 63,050,631 tons, while those from eastern Mediterranean ports increased 28.1 per cent to 2,347,874 tons. Another feature was the 57.2 per cent increase in imports from the Soviet Union (2,013,629 tons).

EEC prices slower

Consumer price rises in the European Community as a whole were slower in October, with the overall index at a preliminary 184.5 (1975 equals 100) and up 7.1 per cent in a year, AP-DJ reports from Brussels. This marks the slowest increase reported by Eurostat, the EEC statistics office, since the beginning of the year.

Lawyer acquitted

Herr Wolf-Dieter Rheinhard, a lawyer, was acquitted yesterday of charges of supporting a terrorist gang, AP reports from Hamburg. The state was ordered to bear the costs of the trial after the court found that the prosecution's chief witness was insufficiently trustworthy.

Dutch housing starts

Housing starts in the Netherlands in October rose 15 per cent to 10,846 from 9,417 a year earlier, according to statistics supplied by the Central Bureau of Statistics, AP-DJ reports from the Hague. Completed homes dropped 0.4 per cent to 9,799 from 10,338 in the comparable month a year ago. In the first 10 months of this year, housing starts were down 5.8 per cent to 87,272 units (92,692). Also down was the number of completed homes at 84,711 (88,995), a decline of 4.8 per cent.

Etna activity

Mount Etna, Europe's highest volcano, emitted ash and smoke for the sixth day yesterday, AP reports from Catania. Experts said that activity was decreasing after reaching a peak over the weekend.

$3bn Sahel project

President Dawda Jawara of Gambia said yesterday that the EEC has shown interest in helping to finance a $3bn project designed to make several West African countries self-sufficient in food and to help solve their drought problems, AP-DJ reports from Brussels. President Jawara was speaking at a news conference at the end of a four-day visit. The Gambian leader is chairman of the Sahel Club, an association of eight countries south of the Sahara.

DEFENCE STRATEGY IN EAST EUROPE

Romanian defiance creates a crisis for the Warsaw Pact

BY PAUL LENDVAI IN VIENNA

ROMANIA'S public defiance of the Kremlin over military expenditures and closer command integration coupled with the reaffirmation of its "go-it-alone" line on the Middle East and China have created the most serious crisis within the Warsaw Pact since the invasion of Czechoslovakia in August, 1968.

The dramatic speeches of Presdient Nicolae Ceausescu since his return from what must have been one of the stormiest Soviet Bloc summits ever, underline the ominous implications of the conflict. It involves not only the relations between Romania and its powerful Soviet neighbour, but might have serious repercussions also on political developments in Eastern Europe. These in turn could directly affect both East-West relations and the Sino-Soviet conflict.

Even the official statements from Bucharest indicate at least three major areas of crucial disagreements between Romania and the rest of the Soviet-dominated Bloc:—

- Evidently under the pretext of higher defence spending by NATO, the Soviets demanded an across-the-board increase of military expenditures by the smaller pact members.
- Romania was also confronted with renewed efforts to set up a NATO-style, Soviet-controlled unified command which would automatically pre-empt national control over the Romanian army.
- Last, but not least, the Kremlin must have asked for tangible support, probably in the form of arms shipments and credits, for Vietnam, that is against China.

The Romanian answer to these three demands was a firm "No." The way in which President Ceausescu explained the rejection of the Pact proposals must have both embarrassed and infuriated the Soviets. Such blunt statements that there "is no immediate danger of a war" and that it would be a "big mistake to increase military spending" can only breed suspicions both in the East and the West that the Soviets are bent on an expansive course.

To add insult to injury, Mr. Ceausescu for the first time directly linked the rejection of the demands in Moscow with the domestic economic situation. He made it clear the higher arms spending would exclude the possibility of the projected increase of the standard of living. After a miners' strike in the summer of 1977, the Romanian Government decided to increase real earnings by 32 per cent instead of the projected 18 to 20 per cent during the 1976-80 period. He thus implied that the defence of independence was a precondition for improving the still low living standards.

The fact that the President emphatically stressed that the Romanian armed forces would only answer a call issued by the party, Government and state leadership is another significant pointer to the substance of the quarrel. Under the terms of the Warsaw Treaty, signed in 1955, the joint high command was only in charge of the armed forces assigned to the command. It must function "on the basis of jointly established principles."

Since the reorganisation in March 1969 the Council of Defence Ministers (of all member states) is the highest military body. The Soviet Union, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and Romania belong to the pact. Albania left it in September 1968.

But the Romanians, who have not allowed the holding of Pact military manoeuvres on their territory since 1962, insist that the principle of consensus must be respected and decisions in the military sphere, just like in Comecon, can only be taken unanimously. It is of course a matter of conjecture how far the extent of actual command integration in the Bloc with Romania has already gone.

The point is that Romania since June 1958 is the only country in Eastern Europe where neither Soviet troops nor even Soviet "advisers" (as in Bulgaria) are stationed. During the last major debate in 1966 over the Soviet demand for progress towards a supranational joint command, Romania also protested that all key positions, beginning with the posts of the commander in chief and the chief of staff of the joint command have always been in Soviet hands. A similar complaint was publicly voiced by the Czech general Prelik, chief of the central committee's military department in Prague in the summer of 1968.

Thus the truth of the matter is that apart from signing high-sounding communiques and allowing "map exercises" at staff officer level, Romania has remained aloof from real military integration within the Soviet-dominated alliance. Now however the sharpening Soviet conflict with China has created an even more dangerous situation. According to unconfirmed rumours, the Soviets or one of their allies proposed the admission of Vietnam to the Pact. In any case, President Ceausescu and the Romanian Politburo reaffirmed that the army would fulfil its obligations only in case of "an imperialist aggression in Europe" in accord with the letter and spirit of the treaty.

But the defence obligations under the bilateral treaties of friendship and mutual assistance linking the Soviet Union with all other pact members, including significantly Romania contain defence obligations extending beyond Europe. Thus Romania has defence obligations if the Soviet Union is "subject to attacks by any state or group of states." The Romanians of course already argue that it is up to their supreme bodies to decide under what conditions the Romanian troops would be involved in a war.

Meanwhile the Romanian challenge put all the other smaller Bloc member states in the defensive. Are their leaders willing to sacrifice national economic interests and the promised increase of the standard of living for the sake of what their Romanian comrade publicly called, "unneccessary" additional military expenditures? What will be the response of the already grumbling Hungarian, Polish or East German consumers when informed by the numerous Western broadcasting stations about Romania's defiant posture? And what are the options of the Soviets?

Short of an invasion, the Soviets cannot hope to contain Mr. Ceausescu whose independent course is supported both by China as well as by the U.S., in addition to world public opinion including, above all, the non-aligned movement. But with 1,500 miles of common borders with the Soviet Union, Hungary and Bulgaria and a virtually indefensible 150-mile coastline on the Black Sea, Romania must stop short of unforgivable provocations. Regardless of the enthusiasm of the hundreds of thousands volunteer "Patriotic Guards" set up in 1968, the 180,000 strong regular Romanian forces with their increasingly obsolete Soviet-made equipment would be no match for the Red Army in case of a showdown.

The Soviets are likely to opt as before for a combination of indirect political counter-attacks and economic pressures. But the situation is fraught with dangers. Past behaviour is not always a good guide to assess future Soviet actions. The crucial question remains open: how unforgivable is the latest Romanian provocation in the eyes of the angry men in Moscow?

French vineyard to be auctioned

HENRY SPENCER and Sons, the Retford, North Nottinghamshire, auctioneers, has been given a commission to auction a French vineyard, the first job of its kind in the firm's 140-year history.

Chateau Claire Abbaye, near Gensac, in the Bordeaux region, produces red, white and sparkling wine and is on offer at about £320,000. The auctioneers said: "Anyone who wants to visit the vineyard with a view to buying will be offered the use of an interpreter."

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Peking wall-posters make new civil rights demands

BY JOHN HOFFMANN

PEKING, Nov. 27.

NEW DEMANDS for civil rights and the punishment of political criminals appeared on Peking wall-posters today.

One poster, addressed to the Chinese Supreme Court, calls for the immediate sentencing of the "gang of four" and suggests the death penalty. The Gang, a radical group which almost seized political power in China before its overthrow in 1976, was led by Mao Tse-tung's third wife, Chiang Ching. Mao himself has been accused in the present poster campaign of complicity with the group.

"Ordinary citizens who commit crimes against the state would be executed," says the poster. "An emperor's son who committed crimes would have been punished. The Gang of Four should not be treated differently."

The poster campaign has mounted steadily in the past week as a storm of freely expressed opinion has swept through Peking.

The general tenor of posters has been critical of Mao's dogmatic ideology and in praise of Teng Hsiao-ping, the Vice-Premier who was twice dismissed from office under Mao and who is now rumoured to be close to taking the position of Premier from Hua Kuo-feng, the Communist Party chairman.

Some observers of Chinese politics have suggested that the poster campaign may have been stage-managed by pro-Teng officials or by the Vice-Premier himself.

It seems to have at least the implicit blessing of Teng Hsiao-ping, who said yesterday that the Government would not interfere with the campaign. It certainly has the almost unanimous support of Peking residents—"Long live the wall of democracy," said a poster in the main street today.

The confidence with with citizens are exercising the freedom to speak their minds is illustrated by a unique invitation issued last night to foreign reporters in Peking. They were asked by a group of Chinese to attend an informal street meeting later tonight to discuss the views of Teng supporters.

Until recently it was unthinkable that a Chinese man-in-the-street would dare to converse with any foreigner on a political subject.

Colina MacDougall adds: Amnesty International yesterday published a report on the treatment of political prisoners in China which describes how political dissenters can be arrested, questioned, tried and punished without a fair trial.

The draft report was submitted to the Chinese Government last June but no reply has been received.

Amnesty expresses particular concern about legislation allowing political imprisonment and the categorisation of groups of people as "class enemies." It also notes that political arrests have been made during mass campaigns used by the Chinese leadership to whip up support for particular policies.

It expresses concern at the detention of political offenders for long periods before trial, poor conditions of detention and the lack of formal guarantees of the right to defence.

THE PAKISTAN ECONOMY

Problems deeper than the fate of Bhutto

BY CHRIS SHERWELL IN ISLAMABAD

AMID GROWING concern that Pakistan's military Government is postponing all important policy decisions until the future of Mr. Zulfika Bhutto is decided, clear warning signs are emerging on the economic front which point to continuing uncertainty regardless of the former Prime Minister's fate.

The best indication of the difficulties ahead came this month when Pakistan warned its Western creditors that it would default on its loan repayments unless its debt was rescheduled by January. Although no default is expected, the warning highlighted the Government's anxieties about the balance of payments and the future of its development programmes.

Concern has also been registered about the build-up of inflationary pressures in the economy. The State bank, after reporting a 9.2 per cent real growth rate for 1977-78 in its annual report—a figure which few people believe—warned of the sharp impact which the Government's increasingly large budget deficit and the continuing flood of remittances from workers abroad will have on prices.

Although some Western countries, such as Britain, Sweden and Switzerland, have moved individually to help in a small way on rescheduling, the broad position of the aid-to-Pakistan consortium — which essentially means the U.S., Pakistan's principal creditor—is that unless the Government introduces some politically difficult economic reforms any rescheduling exercise will have to be repeated when the old problems re-emerge.

Put at its crudest, this means that Pakistan should moderate its persistent tendency to live beyond its means. This is linked with the inflation problem, because it means that Pakistan should try to reduce, if not wipe out, its budget deficits. How this should be done is a matter of debate, but it is clear that if the attempt is made, rescheduling will be more favourably considered.

The most obvious candidate for budgetary cuts is Pakistan's system of subsidies, particularly for wheat, the country's staple food. The Government considers this essential for price stability, but because of a shortfall in domestic production last year and the consequent need for imports, the wheat subsidy climbed 70 per cent above the planned level to almost 1bn Rupees (about £50m). The 1978-79 subsidy is budgeted to rise another 34 per cent, but with imports at some 2.3m tonnes it could be higher. Another 1m tonnes is expected to be imported next year.

If farmers could be encouraged to grow more, such an enormous import burden—draining about $250m-$300m in foreign exchange this year—would be reduced. To this end the Government has raised the wheat procurement price for farmers, from Rs 37 to Rs 45 a maund (about 37 kilograms). But without a politically controversial rise in the selling price in the country's wheat ration shops from the present level of Rs 32, this move will simply enlarge the Government's already large budget deficit and increase its inflationary borrowing.

The Government has promised the consortium countries that it will raise the price next spring in order to reduce the subsidy. Indeed, it was a precondition for additional supplies this year to meet the shortage. But whether the rise materialises remains to be seen, for it will be a shock when it comes.

So far the Government has bitten hard and acted on the wheat issue, to the point where it has even bought essential rust-resistant seed from India, another politically difficult decision.

The army has also been moved into Karachi port to coordinate the running of the distribution system so that imported wheat, along with other items in short supply such as cement and fertiliser, reaches the hinterland.

To a large extent, however, these moves are the product of sheer necessity. Some observers believe that if Government had not acted there would have been bread riots before the end of the year. Certainly, it is not yet clear whether the actions have worked. And now the next move is already awaited.

Precisely what this should be is unclear. Subsidies form 6 per cent of Pakistan's non-development revenue expenditure, while defence is closer to 42 per cent. But after India's recent arms purchases, and with Iran's descent into turmoil and the emergence of a Soviet-oriented socialist regime in Afghanistan the climate is hardly suitable for making demands on a military Government to substantially reduce defence expenditure—particularly as little of that is capital spending.

That leaves the debt burden as the best way of reducing the deficit if a reassessment of development expenditure is to be avoided. But such a reassessment may be unavoidable. Spending on the controversial Karachi steel mill project, for example, will take 33 per cent of all public investment under the Five Year Plan that began this year.

Tough action on the other side of the account, to broaden the tax base and improve the collection system, is virtually discounted, to the consternation of all Western countries. But action on this, too — politically unpalatable though it may be— offers a way round the problem of Pakistan's persistent and inflationary budget deficits and a potential quid pro quo for movement on rescheduling.

The debt servicing burden, constituting no less than 26 per cent of non-development revenue expenditure in this year's budget, is certainly larger than normal for Pakistan. Repayments of interest and principal this year amount to almost $600m, roughly twice the load of recent years, but less than expected thanks to the rescheduling by Iran of one of its loans and the conversion of certain loans to grants by a few Western countries.

The position of the industrialised countries, at the consortium meeting in Paris in June, when Pakistan asked for a continuation of the then lapsing rescheduling arrangement, was that Pakistan was not in imminent danger of default: its request was therefore not granted. But Pakistan's view is that it should not run down its sizeable foreign reserves to a point enough for just two months' imports where they may not be large enough to cover an emergency and could even jeopardise future capacity to borrow.

The consortium feels things are not as bleak as this. But it is thought that Pakistan has tried unsuccessfully to divert Saudi Arabian project aid to other purposes, and that the recent Saudi visit of General Zia-ul Haq, Pakistan's military leader was to look for financial support as well as to visit Mecca on pilgrimage. The lack of news from his trip, beyond confirmation of a return visit next month by Prince Fahd, suggests [illegible]

The key question in assessing Pakistan's debt repayment capacity concerns the size of the remittances from Pakistani workers abroad. Indications are that the remittances will be large enough to keep the balance of payments afloat again this year and that the country will not face the predicted overall payments deficit.

This means that even allowing for little export improvement and higher imports, Pakistan is well placed to make its debt repayments this year. But the inflow also threatens inflation. Remittance money typically goes into land and consumer goods rather than savings accounts. With more money in circulation because the Government's efforts to channel it productively are desultory, prices are rising, especially in real estate.

As the complaints about inflation grow louder, particularly from middle-class people on fixed incomes, the need to take action is certain to increase, because the full impact of the Government's deficit has yet to be felt. This will be emphasised when the Government carries out its commitment to lift the wheat price, because this will affect the general price level disproportionately.

With the military Government facing such a potential political headache it is no wonder that the efforts to align the economy with the requirements of Islamic law have given rise to fears that the most talented officials are being distracted from more important tasks.

On top of its attempts to formulate the interest-free system of banking and the taxes on wealth and produce demanded by Islamic law, the Administration has also been trying to produce an industrial investment schedule to revive flagging interest in the private sector. But businessmen, having watched the Government's plan to hand back industries taken over under Bhutto founder on the rock of labour resistance, are refusing to act until the

PRESIDENT Zia-ul Haq of Pakistan has agreed to the formation of civilian Cabinets for the country's four provinces, the leader of the six-party Pakistan National Alliance (PNA), Maulana Mufti Mahmood, disclosed yesterday.

The announcement ends an important difference between the military leadership and those parties participating in General Zia's civilian Cabinet at the national level who are opponents of Mr. Zulfikar Ali Bhutto the former Premier. But while it appears to mark a further step along the road to civilian rule, it does not mean the country is any nearer to elections.

Office-holders in the proposed provincial governments and in local bodies to be formed simultaneously will be nominated.

Egypt discusses treaty position

BY ROGER MATTHEWS

CAIRO, Nov. 27.

A TOP-LEVEL committee headed by Vice-President Hosny Mubarak continued work today on a document that will spell out Egypt's position in relation to the peace treaty negotiations with Israel. President Anwar Sadat yesterday suggested further amendments to the document and it is not now expected to be forwarded to the United States until sometime tomorrow.

Egypt is insisting that the peace treaty should be linked to a timetable for Palestinian self-rule on the Israeli-occupied Gaza strip and West Bank and is also seeking some amendments to the wording of the treaty itself. Israel's Prime Minister Menahem Begin has however indicated that his cabinet will accept the American compromise draft treaty but is not prepared to return to Washington for further negotiations.

Mr. Sadat's negotiating position is rather more flexible than might at first appear. Although he has several times repeated that he will not sign a treaty unless it is firmly linked to a Palestinian self-rule timetable, he again said last night that "sooner or later we shall be signing an agreement, and that is a fact."

Because of the widespread acceptance in Cairo that a peace treaty is only a matter of time, there is a marked absence of anxiety in the capital. Even in official circles it is believed that President Sadat is looking more for a formula of words, rather than significant Israeli concessions. "Whenever we seek a resumption (of talks) we should find the proper language to fulfil what public opinion wants all over the world," said Mr. Sadat yesterday.

● David White reports from Paris: Supplies of French military equipment to help rebuild the Lebanese army into an effective peace-keeping force are being discussed here during a three-day "working visit" by Mr. Elias Sarkis, the Lebanese President.

For Mr. Sarkis is due to meet President Valery Giscard d'Estaing on Tuesday.

● AP-DJ reports from Kuwait: Members of OPEC have agreed to raise the price of oil by 2 per cent per quarter in 1979.

The well-informed Al-Watan daily said the increase—totalling 8 per cent by the end of 1979—will be formally adopted during next month's regular six-monthly OPEC meeting in Abu Dhabi.

The staggered increase appeared to be a compromise between the view of the world's largest oil producer, Saudi Arabia, favouring either a freeze or a minimum increase in stages, and that of militants like Iraq and Kuwait, which supported a hike of at least 10 per cent right away.

Namibia gap narrowed at UN

BY OUR OWN CORRESPONDENT

UNITED NATIONS, Nov. 27.

MR. PIK BOTHA, the South African Foreign Minister, opened a new round of talks on the Namibia problem today with senior United Nations officials, including Dr. Kurt Waldheim, the secretary-general. There is some sign of a narrowing of differences between the two sides.

Mr. Botha arrived in New York yesterday at Dr. Waldheim's invitation, and was also expected to have discussions with the UN representatives of Britain, France, the U.S., West Germany and Canada.

The UN settlement plan for Namibia, devised by the five states, calls for the dispatch of some 7,500 UN troops and more than 1,000 civilian officials to the territory to supervise and control pre-independence elections. In advance of Mr. Botha's arrival, his principal assistant, Mr. B. G. Fourie, had three meetings with Dr. Waldheim last week. The results formed the basis of a report which the secretary-general gave to the Security Council at the weekend.

Although Mr. Fourie reaffirmed South Africa's rejection of a request by the Council that the internal elections scheduled for December 4-8 in Namibia should be cancelled, he stated, according to the report, that Pretoria was ready to co-operate with the UN in a further poll next year.

In talks in Pretoria in mid-October, Dr. David Owen, Britain's Foreign Secretary, Mr. Cyrus Vance, the U.S. Secretary of State, and Ministers of the three other Western member states of the Security Council, were able only to obtain South Africa's promise to use its good offices with leaders elected in the December elections to hold a further UN-supervised ballot.

Thus, Mr. Fourie's statement represented a step forward, but he also insisted that a date should be set for supervised elections and that no party should be allowed to change it once it was agreed, even if hostilities in Namibia were continuing and there was no reduction in South African troop strength.

Dr. Waldheim said he would need more specific answers for the Security Council, and evidently he tried to obtain these today from Mr. Botha.

The question of South African troops is especially troublesome, because the Western plan which Pretoria accepted on April 25 requires that all but 1,500 of them should be withdrawn before elections. Mr. Fourie appears to have indicated a policy shift on this matter.

Asked today whether there still was room for compromise, Mr. Botha said this was what he was discussing with Dr. Waldheim.

Whether or not the Security Council moves to apply further sanctions against South Africa, which have been threatened, depends largely on the outcome of the present talks. An arms embargo has been mandatory for more than a year.

White exodus from Rhodesia

By Tony Hawkins

SALISBURY, Nov. 27.

RHODESIA LOST 1,582 whites through emigration last month—the highest such monthly exodus in 15 years. Official figures released here today show that there were 1,834 white emigrants in October and only 252 white immigrants to give a net loss of 1,582 as against an outflow of 1,490 in September. So far this year, Rhodesia has lost 9,104 whites as a result of emigration and with two months' figures to come it is clear that the outflow for the year will comfortably exceed last year's 10,908 and will reach record levels of around 12,000.

In mid-year, Rhodesia's white population was officially estimated at 260,000 as against 6.8m blacks. Since then, the country has lost 5,428 Europeans as a result of emigration—just over 2 per cent of the white population. By the end of this year the white population is likely to have declined to less than 252,000. Observers here expect very heavy emigration figures in December and January though there may be a slight reduction this month. The postponement of the elections and of the handover date for majority rule are unlikely to have any favourable impact on the figures since by prolonging and deepening the uncertainty they are likely to have an adverse impact.

Our Foreign Staff adds: Chief Jeremiah Chirau, one of the four members of the Rhodesian National Council, flew into London to press upon Foreign Secretary Dr. David Owen the need for an all-party conference.

Labour refuses to admit defeat in NZ election

BY DAI HAYWARD

WELLINGTON, Nov. 27.

NEW ZEALAND'S Labour leader, Mr. Wallace Rowling is refusing to concede defeat in Saturday's general election until all the special votes are counted.

Labour believes it has a good chance of picking up some of the four Government seats retained by less than 200 votes. This could reduce still further the National Party's election-night majority of six in a House of 92. The result was a dramatic slump for Mr. Robert Muldoon from the 21-seat majority previously held by his Government.

Labour hopes that special votes from among the 50,000 New Zealanders who have left the country in the past two years will be mainly anti-Government. The number of special votes cast in Australia was more than double the number in the 1975 election. Up to 200,000 special votes remain to be counted by December 5.

Labour is also collecting evidence of voting irregularities caused by the confused state of the electoral roll. Mr. John Wybrow, the party's general secretary, says the evidence will be used in court battles over marginal seats if Labour thinks such action will change the results.

Two Cabinet Ministers were defeated at the poll, three more have retired and a sixth may have to give up his portfolio because of ill health, so Mr. Muldoon is expected to carry out a major reshuffle.

The effect of the abortion issue in the election was reflected in the dramatic fall in the vote for Mr. Frank Gill, the Health Minister. Mr. Gill sponsored tough anti-abortion laws and became a target for a campaign by pro-abortion supporters. His majority dropped to 1,300 from 5,500 in 1975.

Rupee-rouble rate settled

BY K. K. SHARMA

NEW DELHI, Nov. 27.

THE SOVIET UNION has demonstrated its anxiety to prevent India straying too far from its orbit by settling a four-year dispute over the exchange rate between the rupee and the rouble.

The agreement, signed on Saturday and announced in Parliament today by Mr. H. M. Patel, the Finance Minister, goes a long way towards meeting India's demands on outstanding credits taken in the past 20 years and now to be repaid. No figure is mentioned but it is thought that the sum involved is about Rs 4bn (£260m).

Under the agreement, the new rate will be Rs 10 to the rouble and all past payments by India at the old rate of Rs 8.3 to the rouble will be treated as final with no extra liability. Other details of the agreement are also thought to be favourable to India.

Russia has made a number of gestures to New Delhi recently, including the grant of substantial credits.

Talks are in progress on long-term economic co-operation and a draft agreement is to be initialled this week.

It is expected to be signed when Mr. Leonid Brezhnev visits India next year.

Financial Times Tuesday November 28 1978

AMERICAN NEWS

Reorganisation may scrap the Commerce Department

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Nov. 27.

THE ABOLITION of the United States Commerce Department in its present form has emerged as one of the main options being considered by White House staff dealing with bureaucratic re-organisation.

No firm recommendations have yet reached the desks of either President Jimmy Carter or of Mr. James MacIntyre, the head of the Office of Management and Budget, under whose purview the studies are being carried out.

But there is a powerful feeling inside the White House that the Commerce Department is the sort of hydra which gives bureaucracy a bad name and that many of its functions could be absorbed by other Government agencies, thus improving efficiency.

Mrs. Juanita Kreps, the Secretary of Commerce, is reputed to be fighting the reorganisation proposals and can be expected to appeal for support from Congress, whose approval would be necessary for such a re-allocation of Government responsibilities.

Mrs Kreps' performance is not at issue in the current debate. She is considered a popular and effective member of the Cabinet and Mr. Carter would almost certainly assign her commensurate duties should the reorganisation go through.

Indeed, there is speculation that if Congress ratifies the creation of a new Department of Education—which Congress did not pass in its last session but which will be re-submitted next year—she could well become its new secretary.

Bureaucratic reorganisation is not a popular subject on Capitol Hill. Congress has sanctioned the creation of a new Department of Energy and passed the Airlines De-regulation Bill, which will in time mean the end of the Civil Aeronautics Board. But it baulked over the Education Department and many Congressmen, whose own committee fiefdoms are intimately tied to the existence of the federal bureaucracy in its present form, are unwilling to see their own authority diminished.

Underlying the reorganisation philosophy is President Carter's own belief that bureaucracy must be made more responsive—a campaign theme in 1976.

The Commerce Department is a natural focus for reform because it is so diverse and because some of its functions appear to be duplicated elsewhere in the Government. Its economic development division, for example, is involved in areas like housing policy, in conjunction with the existing Department of Housing and Urban Development, while its extremely large National Oceanic and Atmospheric Administration performs duties which might be better pulled together under the aegis of the Interior Department, one of whose principal responsibilities is natural resources.

Indeed, one of the options under consideration is to enlarge both housing and urban development and interior by the process of absorption, perhaps calling the latter the Department of Natural Resources.

President Carter has also promised to give assistance to exports by providing greater bureaucratic support. This could include the creation of a new agency for international trade, perhaps loosely modelled on the Japanese example. Such an entity would have to embrace some of the duties now carried on at Commerce.

Equally, Commerce is a voluminous producer of economic and other statistics (the Census Bureau is one of its arms) which, the argument runs, could also find appropriate homes elsewhere in the Government.

President Carter could well decide to sit on all these, and other schemes, concentrating instead of splitting off education from the current Department of Health, Education and Welfare.

Carter warning on the budget

BY DAVID BUCHAN

WASHINGTON, Nov. 27.

WARNING THAT next year's federal budget will be "very, very tight," President Carter today travelled to St. Louis to give the nation's mayors the unwelcome message that they will get little money for new social programmes in their cities.

Addressing the conference in Missouri of the National League of Cities, the President underscored his Administration's new-found commitment to budget austerity, as one of the ways by which it hopes to bring inflation down below the current rate of more than 8 per cent. The goal is to reduce the budget deficit from just below $40bn in the current fiscal year to $30bn or less in 1979-80.

At the same time, Mr. Carter appealed to the mayors to refuse to do business with companies which breach the Administration's new pay and price guidelines. These call for a 7 per cent ceiling on wage increases and a reduction in price rises of ½ per cent on the average increase in the past two years.

Hitherto, the President has only said that the federal government would take sanctions against companies that did not comply with the new guidelines by denying them government contracts.

Federal budget cuts are likely to bear disproportionately on social welfare programmes and on urban policies, because the Administration seems determined to stick to its commitment made to its NATO allies to increase defence spending by 3 per cent in real terms. This NATO commitment was in fact inspired by the Carter Administration, which feels that any reneging by the U.S. would lead other NATO countries to backslide. However, it is not being ruled out that a 3 per cent real increase might only cover spending that directly affects American forces and equipment in Europe, and not the whole span of the U.S. defence budget.

From St. Louis, Mr. Carter then flies on to Salt Lake City to receive an award from the Mormon church there—a controversial award in the light of that Church's fight against the Equal Rights Amendment (ERA) to which the Carter Amdinistration is committed. The Mormons have succeeded in preventing ratification of the amendment, which would enshrine equal rights for women into the constitution, in three states where their influence is extensive: Utah, Nevada and Arizona. Mr. Jody Powell, the White House Press Secretary, today sought to maintain the President's standing with womens' groups by reiterating the strong difference of view that the Administration has with the Mormons on the ERA.

Machine tool orders rise

By David Lascelles

NEW YORK, Nov. 27.

ORDERS for machine tools, an important though variously-interpreted economic indicator, reached record levels in the U.S. in October, the National Machine Tool Builders Association has reported. Total orders were $414m, up 24 per cent on the previous month and up 73 per cent on October last year.

The association said that the rise was partly accounted for by a special trade fair in September, but, even so, demand was running exceptionally high. Opinions are divided, however, about what this strong trend means. Some people take it as an indication that behind all the talk of recession, business is basically confident and happy to invest. Others point out that the threat of higher prices and a credit crunch is causing business to buy sooner rather than later.

Whatever view is correct, many machine too makers say they have so many orders that they cannot deliver until 1980 and that this is opening up the market to foreign competition.

Supreme Court dodges Press freedom issue

BY OUR OWN CORRESPONDENT

WASHINGTON, Nov. 27.

THE UNITED STATES Supreme Court refused today to hear appeals against contempt of court citations levied against the New York Times and one of its reporters in the celebrated recent "Dr. X" murder trial.

In effect, therefore, the court ducked the opportunity to pronounce on one of the most controversial constitutional issues of recent years—that pitting the right of a free Press to guard its sources of information against the right of a defendant on trial to be given reasonable access to material information.

The court's action also saddles the New York Times with contempt fines amounting to $285,000 stemming from the case and leaves its reporter, Mr. Myron Farber, with a criminal record: Mr. Farber served several weeks in jail for contempt of court.

The case in question was the murder trial in New Jersey of Dr. Mari Jascalevich, who was accused of causing the death of three of his patients by use of the drug curare 12 years ago. Dr. Jascalevich was finally acquitted of all charges last month after what is believed to have been the second longest murder trial in the country's history.

Police investigation of the case had been dormant for years but was re-opened following articles in the Times by Mr. Faber. In the course of the trial, Dr. Jascalevich's lawyers had asked to inspect all Mr. Farber's notes and background material in order to ensure that their client received a fair trial.

Mr. Farber and his newspaper refused to comply, even after the judge hearing the case ordered them to turn the documents over to him for his perusal to determine what was and what was not relevant. As a result, Mr. Farber went to jail for two separate periods and the Times was fined $5,000 a day for refusing to comply plus a further $100,000 for criminal contempt.

Both Mr. Farber's imprisonment and the daily fines were only ended last month after Dr. Jascalevich's acquittal. While the trial was going on, the Supreme Court had also declined to intervene.

While the Press here has normally been unanimous in its defence of its right to protect its sources of information, this case has prompted some division of opinion inside the Fourth Estate, largely because the questin of defendants' rights were so clearly integral to it.

Ecuadorian candidate

By David Marsh

SR. JAIME ROLDOS AGUILERA, who won the first round of the Ecuadorian presidential elections in July, said in London yesterday that he is confident that the country's military government will keep to the extended time-table set for a handover to civilian rule. Sr. Roldos faces a run-off election on April 8 with Sr. Sixto Duran Ballen, the main Government-supported candidate. This will decide composition of the civilian government which is due to take office by August 10 next year.

The 37-year old lawyer, generally thought of as a left-ward-leaning technocrat, gained 28 per cent of the vote in July's

New Eximbank credit line

WASHINGTON, Nov. 27.

THE U.S. export-import bank has announced the establishment of a new line of credit with the West African Development Bank.

The Export-Import bank said: "The line of credit was set to support the sale of $2m of U.S. exports to western African buyers, an increasingly more important market for U.S. goods and services."

The announcement came as the bank's vice-chairman, Mr. H. K. Allen, and other senior officials departed on a 14-day trip to Nigeria and the Ivory Coast. Mr. Allen's tour was arranged to consult with high level African Governmental officials and business executives about Export-Import Bank financing services.

The $850,000 credit line was authorised to the Banque Ouest Africaine de Development (BOAD) which is headquartered in Lome, Togo. BOAD is the regional development bank for the six member states of the West African monetary union: Benin, Ivory Coast, Upper Volta, Niger, Senegal and Togo. In addition to these countries, West Germany and France are shareholders of this bank which began operations in January 1976 with a central office in Lome, Togo and regional offices in each of the contributing countries.

U.S. COMPANY NEWS

Troubled outlook for car-makers; Sears Roebuck to buy back up to 10m shares; Kaneb to boost coal output—Page 26

Spain 'offers Beagle mediation'

BY ROBERT LINDLEY

BUENOS AIRES, Nov. 27.

IN THE Argentine Foreign Ministry here today reports were circulating that King Juan Carlos of Spain had acceded to Argentina's petition that the Spanish government mediate in the Beagle Channel boundary dispute with Chile, which is threatening armed conflict.

If so, it remains to be seen whether Chile would accept Spain as a mediator. The Pinochet regime is understood to be displeased that Juan Carlos and Queen Sofia, who arrived here yesterday on the third leg of their South American trip, have by-passed Chile on their way to Argentina from Peru.

Last week, Argentina accepted a Chilean proposal that the Foreign Ministers of the two countries meet to choose a mediator. It will be impossible for the meeting to take place before December 11, because of the royal visit and, in December, a meeting of the Foreign Ministers of the River Plate Basin countries.

Later today a Foreign Ministry spokesman here said, that even if Santiago should accept the Spanish government as a mediator, it is unlikely that this could be realised. He said the Spanish position is that it would step into the mediator role only if most of the points of conflict had been settled.

Six months of bilateral Chilean-Argentine negotiations ended on November 2 without any agreement on the crucial point: Who owns certain islands and waters at the southern tip of South America? It is a dispute which has been going on for a century and repeatedly has threatened war.

Last year, a special international arbitration tribunal appointed by the British Crown handed down an award in the dispute favourable to Chile. The award was unilaterally declared null and void by Argentina.

Somoza clings to power

By William Chislett in Managua

LIKE A dying man clinging to a raft, General Anastasio Somoza, the Nicaraguan President, is still holding on to power. The possibility of a peaceful settlement has become increasingly remote following the rejection by both the president and the opposition of the U.S. backed mediators proposal for an end to the conflict whaich has left the country on the verge of bankruptcy.

General Somoza, whose family have ruled Nicaragua for 41 years, is only being kept in power by his National Guard. This is now around 10,000 strong—a 2,500 increase in strength since the September civil war with the Sandinist guerrillas. Deserted by the business community, intensely hated in the areas where the fighting was worst, Somoza is also an embarrassment to the U.S. Although it was that country which allowed his father to install himself in power in 1936 after taking over command of the U.S. Marine-trained guard, it now wants his son to go as quickly as possible. But Somoza obstinately refuses to budge.

Asked at a news conference last weekend whether he thought the U.S. still supported his Government (in the light of his rejection of the proposed referendum to determine his continued presence in the country and the U.S. efforts to weaken him economically by persuading the IMF to put off its decision on granting a $20m compensatory credit) General Somoza said with his customary ambiguity: "I don't think the U.S. supports my overthrow."

This is true to the extent that a violent overthrow involving a radicalisation of the Sandinistas - guerrillas would prompt fears in the Pentagon of another Cuba. But there is no hiding the pleasure that it would give the U.S. were the General to bow out gracefully instead of dragging the country down with him.

The chances of this happening peacefully would appear now to be even slimmer than before. There is no common ground between the opposition's insistence that a referendum cannot be held until General Somoza leaves the country and the President's proposal for a plebiscite to enable him to form a new government on the basis of the relative strengths of the parties.

In politically-aware parts of the country like Esteli in the north, where more than 20,000 people have moved out of the town since it was bombed and machine gunned during September, there is a tremendous discontent

General Somoza, as he showed in the highly-legalistic seven-page reply to the mediators, is doggedly sticking to the country's constitution as his reason for maintaining his position, saying that there is no legal way to force him to leave the country. So with the President determined to carry on until the next general election in 1981 and the opposition adamant that he must go there is little room for manoeuvre

The present lull is either the quiet before the storm or a sign that the problem is going to drag on for a long time. The Sandinistas have threatened to step up their attacks and there is a feeling among a large number of people that more violence may be the only way out.

Many businessmen believe that the political crisis has wrought such havoc that economic disaster faces the country. After a GDP increase in real terms averaging 6 per cent since 1970, the economy this year will probably register a negative growth rate of 4.5 per cent.

Unemployment is estimated at between 50 and 60 per cent and inflation between 10 and 20 per cent (officially about 3 per cent). Five construction companies are on the verge of bankruptcy (eight having folded last year). The last straw for the economy would be to lose what promises to be an excellent cotton and coffee harvest

The opposition's strategy over general strikes has been to hold them when they would not cause too much damage, but now there is talk of further strikes in December as cotton picking gets into full swing and there is mention of a campaign of violence by the Sandinists to coincide with this.

Destruction of the cotton and coffee crops would alienate the Sandinistas, whose popularity remains high among the people, and their targets would, therefore, probably be confined to attacking the National Guard.

The country's public foreign debt stands at $983m and the Central Bank has already indicated that it is finding it increasingly difficult to meet even interest payments. Tax receipts are down 13 per cent this year on 1977.

Were an acceptable political solution to be found, it is likely that the IMF would agree to Nicaragua's request for a standby credit to put the country back on its feet and restore financial respectability. This would lead to foreign banks starting to lend again to Nicaragua's commercial banks. But it is most unlikely that such a credit would be agreed to by the IMF until there is a political solution in sight.

WORLD TRADE NEWS

China 'to allow direct 49% foreign investment'

PEKING, Nov. 27.

IN AN apparent aboutface, China has offered to allow foreigners to make direct investments, so long as the Chinese continue to own at least 51 per cent of any joint venture.

The new policy was recently disclosed here to a French economic delegation which was led by Francois Giscard d'Estaing, president Banque Francaise du Commerce Extérieur (BFCE), and which met Chinese officials including vice premier Kang Shih-En and Ku Ming, deputy head of the State Planning Commission.

In the past few days, Chinese officials have reiterated the new policy to several British businessmen while Mr. Yuji Okazaki, representative in Peking of the Japan Association for the Promotion of International Trade, said in an interview that Japanese companies also have been approached by Chinese authorities about forming joint ventures.

The apparent reason for the switch in Peking's policy is that joint ownership lightens China's own investment burden. Although foreign banks are eager to make credits available to China, a joint venture, in which China held a 51 per cent stake, would mean that almost half the borrowing liability would be removed from China's shoulders. This would permit China to make better use of the credit available and advance simultaneously on more projects, thus speeding economic modernisation.

Reuter adds from Paris: French Foreign Trade Minister, M. Jean-Francois Deneau left on Saturday an a week-long visit to China accompanied by 60 leading industrialists, bankers and businessmen. Officials said M. Deneau will hold talks with Vice-Premier Ku Mu and other Chinese leaders and will try to speed up and possibly sign a trade agreement with China worth up to FFr 50 bn.

The Chinese have been negotiating contracts with the French on wide-ranging industrial projects and arms deals, including a nuclear power station, anti-tank and anti-aircraft missiles.

Meanwhile, the Carter Administration is reported to have given the French Government permission to sell an American-designed nuclear power plant to China, according to the New York Times. It added that approval was conditional on China's assuring France that the atomic plant would be used for peaceful purposes. Officials are reported to have said that after much debate within the Administration France was told to go ahead with the sale of one and possibly two Westinghouse reactors built under license in France.

The deal could mark the first sale of Western nuclear technology to the Chinese communists, officials say, adding that it would also surpass the level of co-operation on atomic research that existed between the Soviet Union and China in the 1950s.

Decline in Soviet trade with France

By David Satter

MOSCOW, Nov. 27

SOVIET-FRENCH trade declined 11 per cent during the first nine months of 1978 casting doubt on whether the Soviet Union and France will meet their ambitious goal of trebling trade turnover in 1975-79 over the previous five year period.

Trade volume for the first three-quarters of this year had a value of FFr 8.54bn (about £1bn) down from the turnover of FFr 9.57bn reached for the comparable period of 1977, according to French Embassy figures.

French exports, principally oil and gas equipment and chemical products, showed a sharp 20 per cent drop to a value of only FFr 4.47bn for the first three-quarters compared with a value of FFr 5.61bn reached for January to September last year.

French imports, principally oil, gas, and oil products, rose 3 per cent however, to a value of FFr 4.08bn compared with FFr 3.96bn for the first three-quarters of 1977. The traditional French surplus in Soviet trade fell to FFr 394m this year from FFr 1.65bn in 1977.

French commercial sources said the decline in French exports responsible for the fall in trade will be reversed when deliveries on major contracts signed in late 1976 such as the FFr 2.5bn Technip contract for the third stage of the Orenburg gas drying and purifying plant andthe FFr 1.2bn Pechiney contract for an aluminium plant at Nikolaevsk begin showing up in the figures.

They described 1978 as a year of transition and also pointed out that deliveries on the recently signed $195m Technip contract for gas lift equipment for the Samotlor oil fields would begin early next year. They said there were good prospects for the signing of a number of contracts by the end of the year.

Coal industry expansion plans

BY JOHN LLOYD

THE DOUBLING of China's coal production in ten years, followed by a further doubling of production by the year 2000, has been forecast by the Chinese Minister for the Coal Industry, Mr. Hsiao Han.

Present output from China's mines is reckoned to be around 500m tonnes a year, third after the Soviet Union and the U.S. The ambitious targets announced by Mr. Hsiao will almost certainly make it the world's largest coal producer by the turn of the century

Writing in the annual survey of the world coal industry in "World Coal" magazine, Mr. Hsiao says that "the key to speedy development of the coal industry lies in mechanisation. "The target is to achieve full mechanisation within the next ten years.

"China must rely on its own abilities to achieve this aim, but at the same time will not hesitate to import some of the world's most advanced techniques and equipment. Measures will have to be taken to raise the scientific and technical level of the workforce to meet the needs of mechanisation."

These forecasts appear as a team from the National Coal Board is negotiating for a consultancy contract with the Chinese Government, believed to be very large. It is thought likely that, if successful, the consultancy could bring with it further orders for UK mining equipment.

The aim of the current negotiations, as far as the UK side is concerned, is to attempt to get the ordering of equipment by the Chinese on a regular basis, so that production for export orders can be planned efficiently.

Mr. Hsiao said that the first stage of rapid growth in coal output was to tap the potential of existing mines, then to develop and update the more than 20,000 small mines, then to build up new, large coal mining bases, mostly in the east, central-south and north-east of the country.

"The aim is to make the north-east, north, east, central-south, north-west and south-west China basically self-sufficient in coal in about ten years."

Dutch in port project

THE HAGUE, Nov. 27.

CHINESE COMMUNICATIONS Minister Yeh Fei said he hoped a contract with a Dutch consortium for a survey on a deep water port for coal ships would be signed by the end of the year.

China decided in principle to award a $1bn contract for the harbour project, at Lien Yun Kang, about 700 kilometres north of Shanghai, and for a deepwater channel in the Yangtze River, with a letter of intent concluded last month.

The consortium, known as Port and Delta BV, consists of Bos Kalis Westminster Groep, IHC Holland and Nedeco Engineering.

Mr. Yeh said the harbour project would be carried out first, with the survey being conducted in the first half of next year.

Following the survey the consortium would submit plans for the modernisation of the harbour, with cost estimates. When completed in 1986 the port would be able to accommodate vessels of 100,000 tons, Mr. Yeh said. The preparatory survey for the Yangtze project, he added, would take two years. Reuter

Upturn in world steel

By John Lloyd

STEEL PRODUCTION in the 29 member countries which are members of the International Iron and Steel Institute—and which produce 98 per cent of Western world steel—broke through the 40m tonne a month barrier for the first time since the "crash" of 1975.

Total production for October, at 40.9m tonnes, was 10.8 per cent up on the same month last year. Production in the European Community was up 11.3 per cent in that period, while U.S. production went up by 16.2 per cent. Japan showed a more modest rise, of 6.4 per cent, while other IISI countries, including India and the Latin American steel producers, went up by 8.4 per cent.

The IISI figures show that the UK's production went up by 7.3 per cent, the lowest rise of any of the EEC countries. France, however, was the odd man out in showing a drop in production of 6.4 per cent.

India was the only other member country showing a drop, of 10.1 per cent in its case. Others showed huge rises—Belgium went up by over 50 per cent, Denmark by 79.6 per cent and Taiwan by over 96 per cent—though the last two grew from comparatively small outputs.

Over the first ten months of the year, the IISI members showed a cumulative growth of 4.8 per cent. All the major steel producing countries' output was up in this period compared with the same period last year, except for the UK (down 3.4 per cent) and Japan (down 1.7 per cent).

The Institute comments that "this improvement is due to the continued strengthening of demand in the domestic markets of the main steel-producing countries, and to greater export activity." However, it notes that the sharp rises in the comparative October figures are largely a result of "an unsatisfactory level" of steel production in many member countries last October.

British lead Middle East building exhibit

By Doina Thomas

BAHRAIN, Nov. 27.

THE BRITISH form the largest national group exhibiting at Arab-Build '78 which opened in Bahrain on Sunday and runs until Thursday.

Eightly-seven British companies, under the umbrella of the British Materials Export Group, have taken space for the exhibition.

The British companies participating include a number of subsidiaries of the Delta group, Portakabin, Austin Hall International, Alcan Building Materials, British Gypsum, International System Building, some of whom are searching for agents in the Gulf States. The biggest individual British exhibitor is Ideal Standard.

Bahrain's Minister of Works, Power and Water, Mr. Majid Al Jishi, said yesterday that fears of serious recession in the construction industry in the Gulf States were groundless.

He was giving the opening address at the Bahrain Society of Engineers conference on the shortcomings and aspirations of the construction industry in the Middle East. The conference is running concurrently with Arab-Build '78.

Jordan phosphate mines buy UK walking dragline

BY RAMI G. KHOURI

AMMAN, Nov. 27.

Jordan has signed a $10m contract to buy a walking dragline from the British firm Ransomes and Rapier, which will significantly add to the country's phosphate production capacity in the coming decade.

The walking dragline will be the first of its kind in the Middle East, and will be used to expand production at the country's main mines at Al Hasa, 150 kilometres south of Amman.

The cost of the W2000 model dragline covers only provisin of the equipment f.o.b. in England. When it is shipped, assembled and put into operation, the total cost to the Jordan Phosphate Mines Company will be $20-25m, according to senior company officials.

These officials also told the Financial Times that more purchases of walking draglines may be made in the future, though a decision would have to await the experience of using this one.

The dragline will enter service in two years' time, when production from the country's three phosphate mines will total 6m tins, compared to production capacity of 2.75m tons today, the phosphate company says.

Of potentially greater significance to the industry's development, however, is the anticipated arrival here within the coming two months of a Soviet team of experts to study the untouched reserves of phosphate at Shidiya, in south-eastern Jordan about 100 km from the port of Aqaba.

During his official visit to the Soviet Union last month, Crown Prince Hassan asked the Soviet Foreign Trade Ministry to consider developing the 1bn tons of indicated and proved reserves at Shadiya along the same lines as the Soviet deal to develop Morocco's phosphate deposits. The Soviet side has "welcomed" the offer.

Jordan would like the Soviet Union to develop the Shadiya reserves as "a package deal," including the design, planning, construction and finance of an entire mine site and beneficiation plant at Shadiya, with repayments being made in phosphate rock mined there.

Jordan's role as an international phosphate producer remains relatively small, with production and exports averaging around 1.5m tons over the past four years. But last week, a shipload of raw phosphate rock sent this year's exports over the 2m-ton mark for the first time ever, a psychological barrier of some local significance.

BOTB CONFERENCE

Quality not price urged for exports

BY LORNE BARLING

The increasingly popular view that quality of product is of prime importance in the battle for exports, exemplified by the success of Japan and West Germany in overseas markets, is one which will be strongly advocated at a British Overseas Trade Board conference in London today.

The conference, which was initiated by the board's chairman, Sir Frederick Catherwood, will take a number of successful quality-product companies as a starting point for discussions which will hopefully touch on the problems of smaller companies facing high development costs for such goods.

The underlying theme, however, will be the frequently expressed certainty that unless industrialised countries, particularly Britain, concentrate on the development of high technology products, they will suffer from low-wage competition which will destroy more and more sectors in industry.

Sir Frederick hopes that one important concept will emerge during the meeting that there is no virtue in a company being good at producing the wrong product. The companies which will be discussed are those which have made their name or a product's name by its excellence. These are Beechams, Kenwood (now part of the Thorn group), Lucas and Van Heusen.

One common factor in the success of Kenwood and Lucas in their export activities has been the need for them to meet the highest international test standards for their products, in order to be able to sell them at all.

As a result, both companies say, the products concerned soon gained a reputation for quality, although in the case of Lucas this ideal was nothing new. Harry Lucas, its second chairman and son of Joseph Lucas, apparently once said. "Memory of quality remains long after price is forgotten," presupposing of course that the product was sold in the first place.

Although the West Germans and the Japanese have proved that quality products are relatively price inelastic, Sir Frederick points out that the premium created by the rise in their currency values has led to a feeling of vulnerability in those countries. Nevertheless these problems of success remain remote from those of Britain.

"We are still very dependent upon price for the majority of our exports," Sir Frederick says. "We now have to choose between staying with the leading trading nations or admitting that we can no longer compete on equal terms."

He believes that if the British Government had taken the view that it could not enter the proposed European Moneary System on the grounds that UK industry was unable to adapt to world conditions, it would be a depressing state of affairs.

"If we admit we cannot compete then we will continue to drift downwards. I believe it is better to try, because it is essential that our industrial structure be kept within the top league," he said.

The real testing ground for British exports, particularly in relation to their quality, is now accepted by most exporters as being in Europe. But due to the fact that most EEC countries have higher standards of living than Britain, there is a clear need to upgrade product quality. "The belief that what is good enough for Britain is good enough for the rest of the world is no longer true," Sir Frederick says.

However, it is clear that quality of product cannot be divorced from other price and non-price factors in exporting. A recent report by the National Economic Development Council points to a number of sectors where the advantage of product quality is lost through neglect in other areas.

For example, the UK pumps and valves industry, though considered to be technically competitive, may lack the organisational support and resources necessary for the marketing, delivery and after-sales performance of foreign competitors, the NEDC report suggests.

Similarly, the UK electric motor industry is said to produce a product of comparable standard, performance and quality to those of its major international competitors. But according to the report "the UK industry is deficient in establishing overseas marketing and technical networks, in its productivity level and in meeting delivery dates."

Perhaps the best illustration of the overall problem is the British clothing industry, which is criticised for literally failing to fit its overseas customers' requirements.

"Both imports and exports of clothing are adversely affected by the UK tendency to hold quality and design down to a price rather than up to consumer requirements for fit and certain features. Yet some high quality British garments sell well in international markets," the NEDC says.

Although it is clear that larger exporting companies have the resources if not the will to spend money on product development and overseas marketing activities, not everything is on their side. Their ability to maintain quality can be diminished by the greater size of their operations.

Smaller companies, conversely, can benefit from greater operator motivation and in many cases a greater commitment by employees to meet the requirements of the market (particularly overseas) on which their jobs may depend.

But however successful a company may be in producing a high quality product at the right price, all the evidence suggests that unless the commitment is made to sell, deliver and service efficiently, the effort may be completely wasted.

Consumer demand still firm

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

CONSUMER SPENDING is continuing to raise the level of demand for goods in manufacturing industry, although any boost in business confidence is being hit by fears of industrial unrest over pay negotiations.

These are the main conclusions of the Confederation of British Industry's monthly industrial trends survey and regional reports today, which followed the general line of recent economic and industrial reports.

But there is considerable concern about the prospect for exports because the levels of overseas order books seems to have worsened slightly compared with the past two months, and foreign demand is poor for the intermediate and capital goods sectors.

The fact that companies' total order books are continuing to improve in spite of the worsening of export orders, shows that the improvement in home demand is strong in certain areas.

"Although total order books remain below normal for 34 per cent of participants, the improvement in demand for manufacturing industry over the most recent months has been maintained," the confederation says.

"This is most noticeable for firms in consumer goods industries. For firms making intermediate goods, and in particular, those engaged in metal manufacturing, demand remains weak."

The survey on which these results are based, was conducted among more than 2,000 manufacturing companies during the first three weeks of this month.

It was during this period that the Government failed to agree its joint pay and prices statement with the TUC and the concern that this has caused among companies is shown by reports from regional confederation offices.

"The worries being generated by uncertainty over pay, and by fears of unsettled industrial relations resulting from difficult and protracted pay negotiations, are undermining any recovery in business confidence that might otherwise have been brought about by the higher levels of activity" says the confederation, summarising its regional reports.

"In addition, the rise in interest rates is already reported to be jeopardising some of the more marginal investment decisions and is obviously especially unwelcome at a time when firms are experiencing poor levels of profitability."

In spite of uncertainty over pay negotiations, reports arriving at the confederation's pay data bank show that most deals are being struck for close to the Government's official limit of 5 per cent.

But only 197 pay deals, covering 540,000 workers, have so far been reported. The main significance of the figures is that they show that the annual pay round is considerably delayed. Pay claims remain high, with 65 per cent of those reported wanting increases of up to 30 per cent or more.

Kirkby co-op leaders offered new jobs

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE TWO leaders of the troubled Kirkby Manufacturing and Engineering workers' co-operative are to be offered consultants' positions at about £6,000-£7,000 a year by Worcester Engineering, the central heating company now negotiating to take over the co-operative.

The two men are Mr. Jack Spriggs and Mr. Dick Jenkins who were militant shop stewards until the co-operative was set up in 1974. Since then, they have held a dual role as convener-directors on salaries of £5,000 a year.

Their future has been a subject of some controversy since the future of the co-operative, which is losing about £20,000 to £25,000 a week, became precarious earlier this year.

It has been widely assumed that some companies that might have been interested in taking over the co-operative, whose main business is making radiators, would have wanted to get rid of them.

How often

There has also been speculation that Mr. Spriggs and Mr. Jenkins would have to leave since Worcester Engineering emerged in a Department of Industry working party report two weeks ago as the favoured company to try to save the co-operative.

But Worcester is instead offering them the consultants' jobs as "group advisers" on three-year contracts. It appears that no day to day management or other work would be involved and it is not clear how often the men would be required at the Merseyside factory.

Meanwhile Worcester is still negotiating with the Government and the co-operative's creditors about financial arrangements. It also has to find a way of dealing with technical and financial qualifications about the proposed takeover registered two weeks ago by the Government's Industrial Development Advisory Board. A financial involvement by Stelrad, part of Metal Box, was suggested by the board and the idea of Stelrad taking a 10 per cent interest in Worcester has been considered.

A possible price of £1m or more for the purchase of the co-operative's buildings from their owner, International Property Development, has also been under discussion.

Tough negotiations have also started at the co-operative over 260 redundancies among the 720 workforce and over extensions to the present 35-hour working week. These continued yesterday when the co-operative's shop stewards said there was little point in detailed talks till the basic financial issues had been resolved.

At the same time, Mr. Spriggs and Mr. Jenkins are involved in a Left-wing campaign within the Labour Party to have the co-operative taken over by the National Enterprise Board.

The two men also want the Department of Industry's working party reconvened to consider allegations that, during its original work, it came under strong pressure from senior departmental Ministers to reject any NEB takeover.

● There was a boost yesterday for business at the motorcycle workers' co-operative factory at Meriden, near Coventry. The Triumph motorcycle firm, now run by 600 men and women, said it was encouraged by the strong possibility of again becoming the main suppliers of machines to police forces. Devon and Cornwall police has bought six 750 cc machines despite criticism of the Meriden product by other police forces.

The workers' co-operative said it was a break-through and the sale could well enfluence prospective buyers. Several forces, including West Midlands and Warwickshire have recently opted for the German BMW machine in preference to the Triumph.

Jessel and associates to leave board

BY CHRISTINE MOIR

MR. OLIVER JESSEL and two fellow directors at London Investment Trust (formerly Catel Trust), Mr. Thomas Lewis and Mr. Alan Lamboll are voting themselves out and proposing a completely new board.

In a surprise announcement yesterday the board said simply that the company's interests would be better served by "directors not engaged in the development of any other public company."

Moreover, shareholders would have to wait yet longer for a full explanation of the company's affairs.

The report and accounts for the year to March are already overdue, and the board cannot *give a firm date when they may* be expected.

The statement says only that the annual meeting "will be adjourned until a date early next year when the accounts will be available."

Apparently the problem lies with BRC-Hightower, a company in which LIT bought a two-third stake from the reciver in 1976.

Last year, Hightower lost £288,000 before tax. This year, according to the board, it may have lost only £102,000, but the figures are not yet complete.

The rest of LIT is said to have operated at a small profit in the 12 months to March, but no dividend is proposed, presumably because the profit will be insufficient to offset the losses from Hightower.

LIT, under the name of Catel, is one part of the Jessel empire to escape the collapse of Jessel Securities in 1975. At one stage it was to have bought a subsidiary of J. S. Jessel Britannia Unit Trust, but the deal was called off when a receiver was called in to the parent company.

Late last year it was again involved in controversy when Mr. Jessel opposed the takeover by Maurice James Industries of George Doland, in which Catel (now LIT) was a susbtantial shareholder. At one stage he sought a court injunction against a key part of the takeover, but this was refused.

Curbing building site thefts

A SYSTEM designed to speed up the recovery of stolen building equipment has been set up by the National Association of Scaffolding Contractors.

Under the plan, a contractor reporting a loss will notify the construction security advisory service of the National Federation of Building Trades Employers which, in turn, will relay information on the property to security officers in four member companies These will then each inform four other members, according to an agreed rota, until the end of the list is reached or information concerning the property arises.

Thermos allowed to raise prices

By Our Consumer Affairs Correspondent

PRICES of Thermos flasks are to go up by a maximum of 15p despite a Price Commission investigation into the company's prices.

The rises, of a weighted average of 5.33 per cent over a range of products, have been allowed as an interim measure under the safeguard regulations pending the outcome of the investigation report. This is due for completion by January 5.

Thermos would not say yesterday exactly when its new prices would come into effect. Prices were last increased by some 9 per cent in January this year.

The commission's investigation was unusual in that it did not follow a notified price rise by the company. Companies with a turnover of more than £15m have to give the commission 28 days' notice of price rises, but Thermos' turnover is less than this.

The commission decided to investigate under its powers, which enable it to probe any company's prices. As prices are frozen during such an investigation, the company had to seek permission for an increase under the safeguard regulations.

Thermos is based at Brentwood, Essex, and is a subsidiary of King-Seeley Thermos of the U.S. It is the leading supplier of vacuum ware in the UK.

Inquiry on State role in industry

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE relationships between Government, Parliament and the nationalised industries are to be investigated by the Select Committee on Nationalised Industries during the present session of Parliament.

This choice of subject follows the Government White Paper on nationalised industries published in the summer, and supports the Committee's view that it should be the subject of a general debate in the House of Commons.

A new sub-committee has been formed to look at the subject, and particularly at various proposals contained in the White Paper. These include Ministers being given powers of specific direction, and the general question of the structure and appointment of Boards.

The select committee had been concentrating on specific industries, one of its most controversial investigations involving the *British Steel Corporation*. The decision to inquire into more general subjects affecting all the nationalised industries marks a departure in the committee's approach.

It has also decided to continue holding hearings on subjects outlined in the Queen's Speech, in advance of legislation being drafted. The committee did this in the case of the reorganisation of the electricity supply industry, and intends to hold a similar inquiry into the proposal that the consumer voice on nationalised industries should be strengthened. A sub-committee is also being formed for this purpose.

Community Land Scheme rules change

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

THE GOVERNMENT is to allow local authorities greater freedom in their operation of the Community Land Scheme.

A guidance note issued by the Department of the Environment yesterday allows councils to *apply for loan sanction on a* programme of acquisitions and enables them to retain a greater proportion of the profit made on land dealing carried out under the scheme.

Yesterday's guidance note gives effect to Government promises in the summer to ease the controls on Community Land Scheme loans.

Until now local authorities have had to seek Government sanction for loans to buy every single area of land acquired under the scheme. Now, once the general lines of a community land programme "and its financial implications" have been agreed with the Environment Department, a council will be able to go ahead with land *acquisitions* without further approval for individual projects.

Councils keen to use the scheme as part of "positive planning" programmes have been anxious to shed the laborious procedure of applying for loan sanction for each individual purchase.

While the new guidance note resolves this problem, it does not alter the overall budget for Land Scheme loans set at £64m this year, £83m in 1979-80, and £102m the following two years.

Liverpool surcharge cut

THE India-Pakistan-Bangladesh shipping conference, which fixes common freight rates and sailing timetables for operators on the route, has reduced from today its surcharge on cargo handling at the Port of Liverpool to 12½ per cent previously there was an inward charge of 19 per cent and an outward one of 17½ per cent.

The Mersey Docks and Harbour Company has campaigned throughout the year against the surcharge because of the improved productivity through the port.

Mr. James Fitzpatrick, managing director of the company, said yesterday that although the reduction was welcome, the surcharge was no longer justified in any shape or form.

At the beginning of this month the UK-Sri Lanka conference, a sister association, announced that it was reducing its surcharge to 5 per cent.

Navy charts of 1780 sell for £40,000

ATLASES, MAPS and books relating to travel and topography totalled £217,561 in a very successful auction at Sotheby's yesterday, with just 2 per cent unsold.

Top price was £40,000, plus the 10 per cent buyer's commission, paid by an American private buyer for The Atlantic Neptune, a series of charts by Des Barres for the use of the Royal Navy, published in 1780-81.

They were sent for sale by the Duke of Northumberland and far exceeded their estimate of £12,000-£15,000.

Other high prices were £24,000 for the Theatrum Orbis Terrarum by Abraham Ortelius, published in Antwerp in 1595; £14,500 paid by a German dealer for Civitates Orbis Terrarum by Braun and Hogenburg; and £11,000 for the Blaeus' Le Theatre du Monde, ou Nouvel Atlas, published in Amsterdam in 1645.

A wooded landscape by Jan Brueghel the Younger sold for £8,500 to Richard Green, the London dealer, in a sale of Old Master paintings at Phillips which totalled £121,890. Evans paid £7,000 for a still life of a globe and desk acoutrements by Evert Collier.

SALEROOM

BY ANTONY THORNCROFT

HOME NEWS

BP Chemicals plans £50m ethanol plant

BY SUE CAMERON, CHEMICALS CORRESPONDENT

BP CHEMICALS is to build a £50m ethanol plant at its Grangemouth chemicals complex in Scotland.

The plant which will be capable of producing 155,000 tonnes of ethanol — synthetic alcohol—a year, will replace two older plants that have a capacity of only 90,000 tonnes between them. The new plant, which will use ethylene as a feedstock, is due to be completed in 1982.

Mr. Eric Varley, the Industry Secretary, said yesterday the Government would be contributing £4.95m towards the cost of the project, under the Industry Act Selective Investment Scheme.

BP Chemicals said yesterday that the project would safeguard factory jobs at the Grangemouth site, with employees being moved from the old ethanol plants. The scheme would also provide about 500 construction jobs over the four to five years it would take to build the plant. This would make a small but significant contribution to easing the high unemployment in the area.

The company said the project marked a further step in its three-year-old programme to modernise and develop all plants using ethylene as a feedstock. The new plant was part of BP Chemicals' plan to put its business on a more international basis, and some of the extra ethanol produced at Grangemouth would be exported.

"The new plant will provide BP Chemicals with additional capacity to allow for growth of its existing business, both in the UK and overseas," the company said. "A major feature of the modernisation programme is the replacement of smaller, out-of-date units with larger sized plants employing the latest technology which will enable BP Chemicals to compete in international markets."

The decision to go ahead with the project shows the company's belief that market conditions in the chemical industry will have improved significantly by the early 1980s. It said it was looking for an annual growth rate of about 5 per cent over the next few years, and expected that prices would "stay fairly hard."

Ethanol, which is often sold in the form of industrial methylated spirits, has many uses and, production from the plant will go to a wide range of outlets. It is used as a solvent in adhesives, printing inks and insecticides and as an intermediate in the manufacture of fine chemicals. It is also used in toiletries and cosmetics.

BP Chemicals has already started expanding and modernising its Grangemouth complex, and a benzene and a polyethylene plant — each costing about £20m —are due to be completed there by the end of this year. The company said that the new ethanol plant, which will employ the Veba-Chemit direct hydration process, would bring its total investment in Grangemouth over the last few years to more than £100m.

Barristers in industry earn 28.2% more

By A. H. Hermann, Legal Correspondent

THE SALARIES of barristers employed in commerce, finance and industry, mainly as in-house legal advisers, have increased on average by 28.2 per cent during the two years ending on October 1, 1978.

This figure is based on 274 responses to inquiries addressed to the 612 members of the Bar Association for Commerce, Finance and Industry, who, in turn, represent only a fraction of all employed barristers, numbering about 4,000.

It can be assumed that the survey is fairly representative of salaries earned by lawyers in large companies, while salaries elsewhere are probably lower. Barristers in large companies seem to have kept well ahead of inflation—the Retail Price Index increased over the period under review by 22.4 per cent.

The middle band of salaries of all respondents was £10,000 to £11,999, and 11 per cent earned over £20,000. Those who changed their jobs during the period reported increases averaging 44.6 per cent compared with 28.2 per cent increase for those who stayed put.

Interest rates 'likely to drop next year'

BY DAVID FREUD

INTEREST RATES are likely to fall sharply from February, according to City stockbrokers Laing and Cruickshank.

In its latest economic bulletin, published today, the firm says rates are likely to remain at their present high level for two months.

From then "there is every reason to suggest that the pressures of excess credit demand will diminish significantly, and rates can then be brought down."

The firm argues that the monetary squeeze was brought about through purely domestic problems and therefore will be relieved only when domestic demand for funds is cut back.

Some guidance to the turning point comes, says the firm, from the process of credit switching from outside to inside the banking system as corporate liquidity falls, and also by the demand for credit to pay mainstream corporation tax.

Once this hump in bank credit is over—in February—rates may start to decline, followed by a sharp reduction as declining demand for credit in the personal sector gathers pace.

Stockbrokers Fielding, Newson-Smith and Co., in its latest bulletin, says the public sector borrowing requirement could be considerably lower than forecast if earnings grow more than 7 per cent under Phase Four.

The excess growth would swell income tax receipts by more than public sector wage costs, says the firm. It also expects the Government to stick fairly rigidly to its cash limits, so that if public sector wages rose by much more than the 5 per cent limit there might be cutbacks in the volume of public expenditure.

Exhibition centre opens

A NEW exhibition centre for the electrical industries was opened in London yesterday by British Distributing, the electrical wholesaler.

The centre is claimed to be the first of its kind in Europe, because it will be open throughout the year. Manufacturers will be able to exhibit new products as soon as they are announced without having to wait for a trade exhibition, the company says.

The centre, called Centrex, is in North London and consists of 3,000 sq ft on two floors

North Sea oil can 'save Britain £4bn'

BY MAURICE SAMUELSON

THE OVERALL benefit to the UK balance of payments from North Sea oil should rise from just under £2bn in 1978 to more than £4bn by 1980, according to a revised estimate based on the forthcoming likely oil price rise.

During that time, the Government's take from the North Sea should rise from £0.5bn in 1978 to just over £1bn in 1979 and more than £2bn in 1981.

The figures are published by Wood, Mackenzie, the Edinburgh stockbrokers, who assume a 6 per cent inflation of the oil price in money terms, compared with the $14 a barrel fixed price on which they previously calculated the economic benefits of North Sea developments.

Benefit to the national income will come not only in taxation revenues but in the cash flow of UK companies involved in the North Sea and the money these companies spend on UK goods and services. By 1985, Government revenues are expected to reach 70 per cent of total North Sea income.

However, this is still only a minor part of overall national income — rising from 0.8 per cent this year to 2.6 per cent in 1981.

According to the revised estimates, Norway's balance of payments will be boosted by oil production to the tune of £2.3bn in 1981, compared with £0.6bn this year. Government income would rise from £0.25bn in 1978 and nearly £0.6bn in 1979 to £1.5bn by 1981.

● The price of North Sea crude in the first quarter of 1979 could go up from $14.50 to $15.30 per barrel if OPEC decides on a 10 per cent increase on the Arabian light price of $12.70 per barrel, says Wood, Mackenzie.

However, it may be slightly below this because the current $1.30 a barrel premium on North Sea oil may already reflect part of the anticipated OPEC increase, the report adds.

In the North Sea, the shortage of the lighter crudes with a low sulphur content had appeared even before the troubles began in Iran.

New wave of terror may come

NEWS ANALYSIS

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ULSTER ASSASSINATION

BY STEWART DALBY

ALTHOUGH THE Provisional IRA did not immediately claim responsibility for Sunday's murder of Mr. Albert Miles, deputy governor of Northern Ireland's Maze prison, the killing bore the hallmarks of the Provos.

The killing of Mr. Miles in his own home in front of his wife by a single gunman was timed to coincide with a march mostly by Catholics in the town of Armagh in sympathy with prisoners being held in the so-called H blocks in the Maze.

It represented the most serious blow so far in the campaign—which the Provos have encouraged—by prisoners for the restoration of political rights. There is little doubt among Government officials in Belfast that the Provos now want to force the pace over the H blocks —so-called because of their shape —and try to re-establish the principle that prisoners being held in these blocks are not common criminals, but prisoners of war.

The killing sent shock-waves through the province, because Mr. Miles, who was responsible for H blocks, was the most senior prison officer to be attacked so far. But although the H blocks campaign provides the immediate focus for the Provos' irrevocable goal of driving Britain out of the province, it is only one aspect of a much wider operation.

Bomb hints

In the past two weeks the Provos have, besides keeping H blocks on the boil, launched their long predicted "winter offensive." Some 120 bombs have been planted in the province. Not all of them have gone off and amazingly only one person has been killed, although dozens have been injured and £12m worth of damage has been caused.

Just what an intensification this spate of explosions represents is shown in the army's figures for bombs. In 1977 there were 368 bombings of one kind or another. Until the campaign started two weeks ago with car bombs in nine towns, there were 338 explosions this year.

The bombings in the province are most likely to continue, and there have been strong hints from anonymous leaders that the campaign will be carried to Great Britain when an election is called, to make Northern Ireland once more an issue.

In a key interview last August in a Dublin magazine, a Provisional IRA leader said the severe logistical problems involved in placing bombs in Great Britain had been overcome. This could mean the first bombs in England since 1975.

The object of the bombing campaign and the assassinations —Mr. Miles is the sixth prison officer to be murdered in three years—is to crush the assertions by Mr. Roy Mason, Northern Ireland Secretary, that the security situation has vastly improved and that although the Provos have not been wiped out completely their operations are down to containable levels. It follows from this that a return to normal economic life is possible.

Mr. Mason has used these arguments with some success to persuade foreign companies to set up in the province, and help solve Ulster's chronic unemployment.

The specific value of the "H" block operation is the enormous publicity and sympathy it engenders particularly among the large Irish population of the U.S. They are encouraged to see the treatment of the prisoners as a legitimate civil rights abuse.

Mr. Roy Mason

For a year, 330 prisoners in "H" block in the Maze prison have been refusing to wear normal prison clothes. Seven months ago they stepped up their campaign by refusing to wash or slop out their cells.

Although no journalists have been allowed in the cells, various priests have made visits, and have given details of horrendous squalor. The Catholic Archbishop of Amargh, Thomas O'Fee, said the prisoners are incarcerated in conditions which should not be inflicted on a dog, let alone on human beings.

All of the 330 prisoners are Catholics, who have been convicted of crimes of terrorism.

Some 700 of the prisoners in the Maze, which holds 1,500, still have political status. The 330 are those sentenced after Mr. Merlyn Rees, then the Northern Ireland Secretary, abolished political status nearly three years ago.

Should the campaign prove successful and it ought to be remembered that Mr. William Whitelaw in a step he has since publicly regretted, introduced political status in 1972 in response to a prolonged hunger strike, it would provide an enormous ideological boost to the Provisional IRA.

Waging war

As the Government sees it, it would almost be tantamount to agreeing with the Provos that they are waging war against colonialists in the form of the Protestant Loyalists who first settled in Ulster 300 years ago, and the "occupation army" of the 13,000 British troops in the Province.

Mr. Mason has made it clear the Government will not countenance this. In his two-year stint as Northern Ireland Secretary, he has been a hard-liner on security. Until the latest campaign started and the stepping up of the "H" block agitation began, he appeared to be succeeding. The number of deaths both military and civilian this year is 77 compared with 112 in 1977, which itself was a great improvement on previous years.

By claiming that the violence is lessening and the Provos are on the run, Mr. Mason has been able to revive economic life a little.

Yet if the "H" block prisoners generate great sympathy (even though their troubles are self-inflicted), and if the bombings continue, and spread to Great Britain, the small progress towards normality so far achieved will be quickly undone.

Welsh TV drive brings in industry

By Robin Reeves, Welsh Correspondent

A TELEVISION advertising campaign by the Welsh Development Agency to attract industry to Wales and encourage existing businesses to expand, has already landed two firm applications for advance factories.

The £20,000 campaign, believed to be the first undertaken by an economic development agency, is in jaunty cartoon style, setting out the services offered by the Welsh Development Agency and ending with the slogan "Our business is to help your business to grow."

Mr. Ian Gray, managing director the Welsh Development Agency, said that besides the two firm applications, the promotion had produced a substantial number of other inquiries for both industrial premises and investment capital.

In the first six months of the present financial year, the agency let 35 factories, compared with 29 in the whole of the previous 12 months. The agency also calculates that £2m or 20 per cent of its investment in Welsh manufacturing industry has stemmed from promotional work.

Meanwhile, a 24,000 sq ft factory to allow Pearl Paints to expand its operations on the Treforest Estate, near Pontypridd, is to be formally handed over to Mr. Willi Stern, Pearl Paints chairman today.

The company makes specialist industrial paints for product finishing including some 85 per cent of the mirror-backing paints used by the UK mirror manufacturing industry.

Rank group's charities give £4.8m more

A FURTHER £4.8m has been given to charities and other institutions by the Rank group charities, according to the trustees' latest report.

In the four years to October 31, 1977 grants totalling £4,828,252 were made from an income of £6,269,201. In the previous four years, grants of £5,256,962 were made from an income of £5,724,600.

Causes that have received support include the Anchor Housing Association, Arthritis and Rheumatism Council, The Haemophilia Society and the Wildfowl Trust.

British Airways to spend £1bn

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS expects to spend more than £1bn on new aircraft over the next five years, and is planning a series of additional maintenance bases outside Heathrow Airport to handle them.

New short-haul aircraft fleets already announced include 19 Boeing 757 twin-engined jets, worth £400m, and 19 smaller Boeing 737s, worth over £110m.

The rest of the money will be spent on increasing the long-haul Boeing 747 Jumbo jet fleet from the present 27 aircraft to 41 and buying another nine Lockheed TriStars to bring the fleet to 24 by 1983-84.

Further purchases of both 747s and Tri-Stars are likely during the 1980s as traffic grows. At this stage, the airline is not committed to buying more 757s and 737s, but this is considered certain during the mid-to-late 1980s.

To cope with the engineering and maintenance needs of these extra aircraft, British Airways wants to make more use of Glasgow and Manchester. Gatwick, south of London, is also seen as developing into a major maintenance base for the other types of jets, including 757s and 737s, as British Airways' use of Gatwick for scheduled passenger services increases.

Under this reorganisation, Cardiff's airport would become a big maintenance base for Viscount turbo-prop and One-Eleven jets.

Britannia Airways orders three Boeings

BRITANNIA AIRWAYS, the UK independent airline which is part of the Thomson Travel group, has ordered three more Boeing 737 short-range jet airliners for delivery in 1980, worth about £18m, writes Michael Donne.

This will bring the airline's fleet to 21 Boeing 737s, and it is planning substantial further purchases of these aircraft by the early 1980s to meet anticipated traffic growth, according to Mr. David Davison, managing director.

Mr. Davison was in Seattle yesterday to take delivery of the airline's 18th 737 from Boeing.

He said that the airline was also considering other types of aircraft that could meet traffic growth in the 1980s. Although no decisions have been taken, he said the airline was "very interested in Boeing's 767."

This is a twin-engined 200-seater airliner, launched earlier this summer and which has been ordered already by such big U.S. airlines as United, American and Delta.

Britannia Airways, a major carrier of inclusive-tour holiday-makers, is one of the fastest-growing airlines in the UK. Next year, it expects to carry about 3m passengers from 22 UK airports.

IATA to raise agents' commission to 9%

THE WORLD'S scheduled airlines are to raise from 8 per cent to 9 per cent the commission they pay travel agents on ticket sales, from next April 1.

The decision will mean that 30,000 travel agents world-wide, but excluding the U.S., will collectively earn another £110m in commission, bringing their total annual income from the airlines to nearly £1bn a year on ticket sales at present estimated at more than £11bn a year.

The airlines involved are all members of the International Air Transport Association, and they took their decision at a recent meeting in Geneva of the association's committee dealing with travel agents' affairs. The move is subject to approval by all the airlines' governments.

Because of a recent order by U.S. aviation authorities prohibiting fixed commission rates in that country, the new decision does not cover ticket sales in the U.S, and that country's airlines did not participate in the Geneva meeting.

Study on fireproof furniture sought

By Lisa Wood

THE FURNITURE industry has been urged, in a Home Office report published yesterday, to investigate urgently methods by which the fire resistance of upholstered furniture can be improved.

In the opinion of the report, upholstered furniture is probably the "largest single potential for contributing to fire and toxicity hazard."

While not advocating that any new material in the upholstery industry, or any of the other industries investigated, should be banned, the report has urged that Government departments, or the British Standards Institution, should prepare codes of practice. Such codes would give advice on the qualities needed in the design, choice of material and manufacture of upholstered furniture, and how these qualities should be realised.

The report, by the technical sub-committee on the fire risks of new materials, documents the substitution of traditional materials by new ones in the building, agricultural, decorating, manufacturing and furniture industries.

Drawing on information obtained from fire reports and laboratory experiments, the committee has examined the inflammability of new materials, the rate of spread of fire, smoke production and toxicity.

The committee has noted that fires involving polymeric materials often grow faster than those involving "natural" materials, and that they also produce a greater amount of thick and unpleasant smoke in a relatively short time. This, it is said by the Home Office, is consistent with views expressed by fire officers, that there has been a change in the nature of fires over the past 10 years, mainly in the production and behaviour of smoke, and that this is associated with certain plastic materials.

Furniture makers and retailers of "do-it-yourself" materials, are urged not to substitute structural foamed polyurethane for timber "unless and until its fire characteristics are, at best, no worse than those of timber."

Mattress and bedding manufacturers are asked to improve the standards of fire performance by working together on the combination of products.

"Fire Risks of New Materials." Obtainable from the Home Office Library, 50 Queen Anne's Gate, London SW1H 9AT.

New metal-plating process developed

BY JOHN LLOYD

A NEW metal-plating technique claimed to be considerably superior to present methods, has been developed by a British research team in partnership with the Dubillier electronics company.

The process, known as ion transfer, is a by-product of the European space programme. It is said to be faster, cleaner and more adherent than the electro-chemical processes now in use.

Mr. Tom Cockhill, managing director of Dubillier Scientific, a subsidiary of the Oxfordshire-based company created to develop and market the system, claims that the market for it will be almost unlimited.

Initial funding for the project will be £550,000, of which £240,000 will be borne by the Department of Industry.

The technique developed from work done for the space programme three years ago by a team from Culham research laboratories of the Atomic Energy Authority.

When the programme was run down, the team was left with a device known as an "ion engine," for which it could see possible commercial applications.

Early this year, the Culham team was put in touch with Dubillier by the Government Requirements Board, set up to encourage the development and marketing of research programmes.

Since then, Dubillier Scientific and the Culham team have worked together to produce the ion transfer system. The first system produced — which is aimed mainly at the scientific and research market—is to go on the market shortly.

Ion transfer allows a surface to be bombarded with ions of a given metal within a vacuum, building up a solid coating of that metal on the surface.

The advantages claimed over the present chemical deposition and evaporation methods are that it is much faster—the ions are powered by about 10,000 volts as against 30 volts in the chemical processes; cleaner, since it is done in a vacuum rather than a chemical; and more adherent, because of the force of the bombardment.

Dubillier reckons it will have a commercially applicable system on the market by the end of next year, as a second stage to the research system now coming out.

Mr. Cockhill said that while the market for the first-stage machines would be quite small —and worth about £250,000 in the first year — commercial machines could command an enormous market.

Dubillier Scientific will shortly move away from its parent company in Bicester to new headquarters in Abingdon, where development of the process will be continued.

HOME NEWS

Paper and board production likely to rise by 2%

BY MAX WILKINSON

THE UK paper and board industry's production should grow by about 2 per cent this year compared with 1977, the industry's federation says.

The latest estimate, from the British Paper and Board Industry Federation, was issued following a recent forecast that production in the whole of Europe would increase by 2.5 per cent this year.

In spite of the slightly lower production increase in Britain compared with the rest of Europe, UK consumption is expected to be up by 3 per cent, because of an increase in imports.

Imports to the UK are expected to reach the record level of 48 per cent of total sales.

The federation says the only other year in which imports reached such a high percentage was 1974, when demand was so strong that UK mills were all running at full capacity.

"In most sectors, however, demand on UK mills is reasonably healthy, with coated papers among the strongest and packaging grades at the weaker end."

The European Confederation of Pulp Paper and Board Industries (CEPAC) said after a recent meeting in Brussels that the industry was now more or less stagnant following a significant upturn at the beginning of the year. However, some further improvement was expected in the next few months.

By the end of the year the industry, employing 220,000 people in the EEC countries, will have achieved an estimated $15bn in sales. However, CEPAC says this figure reflects the comparative stagnation of sales prices in relation to increasing manufacturing costs.

Modernisation

"If the price of wood pulp were to rise significantly, it is unlikely that in to-day's climate an adequate cost recovery could be made in the paper and board market."

It says most current investment is aimed at rationalisation and modernisation rather than in making significant increases to capacity.

Total consumption of paper and board in the EEC is expected to reach 31m tonnes in 1978, the level reached in the peak year of 1974. However, imports into the EEC as a whole have been increasing as consumption has risen.

Crown Estate has surplus of £5.86m

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

RISING LONDON rents helped The Crown Estate to increase its income surplus by a third to £5.86m last year.

The estate, which derives its income from assets handed to the Exchequer by the Queen in 1952 in exchange for her Civil List income, is now beginning to benefit from rent reviews on its commercial and agricultural properties.

Crown rents and royalties rose from £11.3m to £13.4m in the year to the end of March, with most of the increase coming from newly agreed rents on office properties in central London.

In what the commissioners describe as a "year of consolidation rather than of spectacular achievement," the final 1.4 acres of a 27-acre development site on the Millbank Estate were acquired. Planning discussions for a new headquarters office for the Confederation of British Industry, and for a 93,000-sq-ft office development over Pimlico Station, which forms part of the Millbank site, are progressing. The commissioners hope to make a start on this scheme next year.

The commissioners hold 178,348 acres of agricultural land in England, and a further 88,499 acres in Scotland producing a total rent roll of £3.4m. And although Dutch Elm disease, bad weather, and fire took their toll of the commissioner's 13,000 acres of dedicated woodlands income from the forestry sales contributed £357,000 to last year's gross receipts of £15m.

The Crown Estate Commissioner's Report for 1977-78: HMSO 60p

Council-home target 'cut 90% by Tories'

BY PAUL TAYLOR

A MINORITY Labour group report on housing, which will be debated by Greater London Council today, claims that since the Conservatives took control of County Hall the housebuilding programme has been cut by up to 90 per cent.

Mrs. Gladys Dimpson, Labour housing spokesman, is to tell the council that since May 1977, when the Conservatives gained control, housing starts have fallen from about 5,000 or 6,000 a year to only 500.

This low level of council house building forms the second string to the Labour group's attack on Conservative housing policy which centres on the controversial decision to sell the local authority's housing stock.

Mrs. Dimpson will give a warning that unless the council increases its housebuilding programme, particularly in inner London, its Labour group will call on the Government to redirect housing finance from the council to the 14-Labour-controlled boroughs in London.

The report, based on figures supplied by the council's housing department, shows that between April and the end of October this year only 319 council homes were started by the GLC.

Conservatives have adopted a policy of not building any new council homes in the outer London boroughs to concentrate resources on inner London. However, Mrs. Dimpson will claim that this is "completely fraudulent."

The report calls on the council to use the full allocation of Government finance under the housing investment programme for starting new homes and suggests that unused GLC housing finance should go to the stress boroughs which are short of finance for housebuilding.

Mrs. Dimpson will suggest that the Government should intervene and redirect GLC housing finance to enable the inner London boroughs with little development land available to buy land in the outer boroughs.

Higher tax allowances proposed in Guernsey

BY OUR GUERNSEY CORRESPONDENT

HIGHER PERSONAL and other income tax allowances, with no increases in direct or indirect taxation, are proposed in Guernsey's budget for next year, published yesterday.

If the island Parliament accepts the proposals on December 13, the new allowances will save taxpayers an estimated £1.5m.

The maximum saving, of up to £86 per year for a married taxpayer, will apply to those with assessable incomes of less than £6,500 a year—the present income limit is £5,000.

Those with assessable incomes of more than £6,500 per year will gain a maximum of £46.

Other tax allowance changes would provide extra relief and exemption for people on low incomes, particularly by old age pensioners.

In its budget report for next year, in which the island Government's ordinary expenditure is put at about £28m, there is a warning that "excessive settlements" in the public sector could upset the budgeted provisions which include £14m in salaries, wages and superannuation, and which this year totalled £12.8m.

The Government's estimated ordinary income for next year is put at £32.2m, of which income tax will provide an estimated £22m against £19m for this year and only £8m in 1974.

The island's standard rate of income tax has been 20p in the pound since 1960.

RAF aid heads for record

THE AMOUNT of money required by the RAF Benevolent Fund for relief of distress rose by £344,000 during the first nine months of this year to £1,472,000, an increase of 30 per cent.

Air Marshal Sir Denis Crowley-Milling, the fund's controller, said it seemed inevitable that expenditure on aid this year would be the highest since the fund was founded in 1919 and would lead to an appreciable gap between expenditure and ordinary income.

The biggest increase was in Greater London. Inflation and the discovery of nearly 500 additional applicants were the chief causes. There was no increase in Scotland or Wales.

PARLIAMENT AND POLITICS

Morris denies South Coast is wide open to oil pollution

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT last night rejectd an accusation from the Commons Science and Technology Committee that the Department of Trade's arrangements for dealing with oil pollution from tankers left the South Coast of Britain virtually unprotected.

The denial came from Mr. John Morris, Welsh Secretary, opening a Commons debate on oil spillages off the coast of Britain.

Mr. Morris announced that the Department of the Environment is setting up a central government stockpile of specialised equipment to be made available to local authorities to deal with oil pollution from tankers.

The Secretary of State also told the House that the Government research laboratory at Warren Springs, in co-operation with the University of Wales, is now experimenting on a bacteriological method for the decomposition of oil.

If successful, it would be a useful supplement to the present anti-pollution measures.

The accusation about the South coast was made by the committee earlier in the year in its report of the wreck of the tanker *Eleni V*.

The committee pointed that the size of tankers and the frequency of their using the Channel made the likelihood of any incident involving a spillage of over 6,000 tons very high.

It claimed that the spraying capacity in any one part of the Channel was too small to deal with pollution on this scale.

From this, the committee deduced that the Department of Trade's preparation in the Channel bore no relation to the likely size of any oil pollution incident "and leaves the South Coast virtually unprotected."

Mr. Morris said last night that the Government's reply to the report would be published before Christmas. But, meantime, he wished to "emphatically reject" the suggestion about the South Coast.

According to Mr. Morris, the committee had based its findings on the assumption that the Department could only deal with an oil spillage up to a total of 6,000 tons in any one incident.

But this was incorrect. Evidence to the committee had shown that the DOT could handle a spillage involving 6,000 tons of oil per day on the South Coast.

The Department could muster 20 vessels within 48 hours to deal with such incidents and these could be augmented from other parts of the country or from France.

Mr. Arthur Palmer (Lab., Bristol North East), chairman of the select committee, intervened to protest that its findings had been based on the evidence given to it. That evidence did not bear out what Mr. Morris was saying to the House.

Mr. Morris, however, retorted: "On this issue, certainly, there is a disagreement between the Government and the committee."

He repudiated the suggestion that there was a total lack of protection, although he agreed that there could be an argument about the degree of protection.

Mr. Morris said the House and the country had to face up to the harsh reality that tankers would continue to be involved in accidents and that oil would continue to be spilt.

From time to time there would be spillages measured in thousands of tons of oil.

In such cases, there would be pollution of our shores—the quantity of oil would be so great that neither we nor anyone else could prevent it happening.

"The risk is part of the price we have to pay for our modern way of life and our dependence on the use of oil."

Mr. John Nott, Conservative spokesman on trade, wanted to know why the £19.5m compensation fund for oil pollution had not been doubled as was envisaged under the International Maritime Consultative Organisation (IMCO) agreement.

Mr. Stanley Clinton Davis, Under-Secretary for Trade, told him that at a meeting of IMCO two weeks ago, Britain and France had pressed for this to be done but the other member-countries had not come into line.

Mr. Nott was critical of Government policy and recalled the long series of tanker disasters off the coast of Britain going back to the Torrey Canyon in 1967.

"We can't have government by catastrophe," he declared. "The impression remains that we only move forward after each incident, instead of being prepared."

In particular, Mr. Nott wanted to know the Government's view of the action taken by the French who had introduced new regulations penalising tanker owners whose vessels pollute waters within 12 miles of the French coastline.

Mr. Nott argued that if Britain pursued a similar course, we would be inviting retaliation against our ships within the 12-mile limit of other countries.

At the same time, there was no guarantee that we would catch offenders who caused pollution within our own 12-mile limit.

Mr. Palmer claimed that in the case of the Eleni V, there was a lack of independent authority given to the Department of Trade's principal officer on the scene.

There had been complacency at the Department of Trade which the report of his select committee on the Eleni V might have cured, he alleged.

"Once the thing occurred, everything took very much longer than it should have done."

The committee's view was that the average oil tanker wreck needed to be better handled in the future by better advanced planning and better technical decisions at the time.

'Act now on Press freedom'

By Max Wilkinson

DECISIVE action to protect Press freedom from possible damage by a trade union closed shop was urged by Mr. Leon Brittan (Con., Cleveland and Whitby), yesterday.

Anxieties about the effects of closed shop legislation on the freedom of the Press had been very deep, he said.

As a result, the 1976 Trade Unions and Labour Relations Act placed an obligation on the Secretary of State to produce a draft charter on Press freedom.

But so far no charter had been produced, Mr. Brittan told members of the Newspaper Society at their Technical Conference and Exhibition in Brighton.

"We have been waiting for it since March 1977, and whether it can really be an effective means of securing Press freedom is extremely doubtful and remains to be seen."

"If the charter would not work, it was essential to consider an alternative way of safeguarding Press freedom.

"I regard the closed shop as wrong in principle, objectionable in practice, and in fact a sign of weakness on the part of the trade union movement," he declared.

Even if the closed shop were allowed to continue, it should be operated in such a way as to prevent any interference with the freedom of expression and freedom of publication.

"Even the present legislation permits closed shop agreements to be closely defined, so as to be severely limited in scope and to contain substantial exemptions and exceptions."

These opportunities for exploiting the flexbility of the present law should be fully taken. A Code of Practice should be drawn up to help in this.

"A Conservative Government would seek the help of all involved in the newspaper industry to produce just such a code."

Christos Bitas report published

BY PAUL TAYLOR

THE DEPARTMENT of Trade yesterday published a detailed account of its fight to combat the oil-pollution threat posed by the Greek-owned tanker Chrisfos Bitas when it hit rocks off the South Wales coast last month.

The report, the first of its type prepared by the Department, deals with events surrounding the incident and makes recommendations for the future.

Mr. Stanley Clinton Davis, Parliamentary Under-Secretary of State, the Department of Trade, said yesterday that the report described "what I believe was a most skilful and successful operation to minimise the pollution arising from the casualty."

Although the report does not deal with the causes of the accident (this is the subject of separate reports as yet unpublished by the Greek Government and a preliminary report by the department), it does give a detailed account of the decisions made and why they were made.

A question and answer section in the report deals with many of the criticisms made at the time of the incident of the Department's handling of the affair.

A section on the lessons learnt from the incident, which lasted 2½ weeks and resulted in 31,600 tons of oil being pumped from the stricken tanker before it was finally sunk in the North Atlantic, concludes that the operation "demonstrated the value of planning ahead for possible eventualities."

The report's conclusions also consider some of the criticisms made of the Department's anti-pollution measures by the recently published report by the Parliamentary committee which investigated the Eleni V tanker accident.

It accepts the need for a special cache of salvage equipment in the UK, calls for quicker methods of obtaining particulars about tankers in trouble, and for improved facilities at operation centres.

These lessons will be the subject of further consultation and will then be embodied into Department sub-committee reports into such matters as liability and compensation, salvage and salvage equipment, and command, control and communications which are at present being prepared by the Department.

Robert Maxwell hopes to be Euro-candidate

MR. ROBERT MAXWELL, former Labour MP for Buckingham, and head of Pergamon Press, hopes to be Labour Party candidate for East Staffordshire in the European elections.

He has been nominated by a Burton-on-Trent Labour Party branch after a meeting at which both he and Mr. Geoffrey de Freitas, MP for Kettering, addressed members.

The Euro-division of East Staffordshire covers Stoke-on-Trent, Leek, Tamworth and Lichfield, Stafford and Burton-on-Trent.

Steel aid likely soon—Meacher

BY IVOR OWEN

CHANGES IN pricing policy by Britain's EEC partners may be on the way to bring some relief for the hard-pressed Sheffield-based special steels industry, Mr. Michael Meacher, Under-Secretary for Trade, revealed in the Commons.

He announced that representations made in Brussels had brought a response from Viscount Davignon, EEC Industry Commissioner, which had already gone some way towards meeting Britain's case.

Mr. Meacher, who stressed that the Special steels sector had been hard hit by exports from Germany, Italy and to some extent France, said Mr. Eric Varley, *Industry Secretary*, had just received a letter from Viscount Davignon.

This made it clear that the Commission would examine price practices for special steels on the basis of Article 60 of the European Coal and Steel Treaty.

Mr. Meacher explained that this would entail an examination *of methods of improving price* discipline through the harmonisation of price lists.

"This is not as much as we were wanting but it is a helpful reply," he emphasised.

Wider issues

Dealing with the wider issues concerning Britain's steel industry, Mr. Meacher said there was no doubt that the Davignon plan had produced a measure of discipline particularly within the EEC.

This had assisted the balance of trade because there had been some restraint in the growth of imports into the EEC and there had not been any significant export retaliation.

The Minister told the House that in the 12 months to October, 1978, 3.85m tons of ingots semi-finished and finished steel were imported and 4.16m tons were exported.

Mr. John Nott, Conservative Shadow Trade Secretary, asked how the moves which the Government were supporting, to aid domestic industries in temporary difficulties, could be reconciled with the Commission's competition policy.

Car imports

Mr. Meacher replied that the Commission had already established a mandatory minimum prices policy for three product groups in steel, and introduced a guidance system for other products.

The Government wanted to extend this policy, which had so far been restricted to bulk steel, so as to bring special steels within its ambit.

JAPAN'S exports of cars and light commercial vehicles to Britain this year may prove to be below the total shipments made in 1977, Mr. Meacher told the Commons.

He spoke in optimistic terms, but stressed that it was too early for "certainty" about the final outcome and the impact made by the understandings reached with the Japanese industry on limiting exports to Britain.

Mr. Meacher stated that the recent rise in car imports—imported vehicles accounted for 57.7 per cent of the British car market in October — reflected increased imports by the American multi-nationals in the UK.

This situation partly, but not wholly, neglected current industrial troubles.

He described the imports by companies in this category as "very high," but pointed out that *in the case of Ford, a large* number of the vehicles imported into Europe contained British components.

"We certainly look to increase production by these companies in future," the Minister added.

Mr. Peter Hardy (Lab., Rother Valley) suggested that changes in currency values had not been adequately reflected in the prices of many imported vehicles and asked if the Government had taken this into account in relation to the principles governing fair competition.

Competition

Mr. Meacher replied that the Government had received representations about possible dumping, and had examined the evidence submitted. He urged Mr. Hardy to produce any evidence available to him.

The correlation between the Ford strike and the increase in imports was inquired into by Mr. Hal Miller (Con., Bromsgrove and Redditch).

He also asked if a further increase was likely to result from the imposition of sanctions against the company for breaching the Govenrment's 5 per cent pay guideline.

Mr Meacher made no comment on this aspect.

Replying to Mr. Tom Litterick (Lab., Birmingham, Selly Oak), the Minister stated that in the 12 months to October, 1978, imports of manufactured goods accounted for 63 per cent by value of Britain's total imports, compared with 56 per cent for the year 1953.

He denied that this showed a decline in British manufacturing industry, and pointed out that last year there was an 8 per cent growth in fanufacturing exports.

Treasures on earth

FORTHCOMING 20 per cent pay rises for Britain's parsons seem unlikely to invite sanctions from the Government.

But Mr. Arthur Latham (Lab., Paddington), said in the Commons yesterday that he thought someone—the "Government or the Almighty"—should take action on rent increases of 120 per cent which, he claimed, had been imposed by the Church Commissioners on property administered by them.

Pay policy and the Church was the question time topic yesterday when Mr. Terry Walker, the Chuch Commissioners' Parliamentary representative, answered a question about the rise for clergymen due under Phase Four from next April.

Mr. Walker, Labour MP for Kingswood, told Mr. Dennis Canavan (Lab., Stirlingshire W): "The Church Commissioners would regard a maximum 5 per cent stipend increase for the clergy in 1979 as altogether inadequate, since clergy stipends are currently up to £1,000 per annum, or 30 per cent below what on any reasonable assessment they ought to be."

The increase would be financed mainly by voluntary giving, and would not give rise to price increases, added Mr. Walker, apparently to anticipate comments about possible "sanctions."

Oil sanctions inquiry

BY PHILIP RAWSTORNE

THE PARLIAMENTARY inquiry into Rhodesian oil sanctions *busting is expected to be given* access to the Cabinet papers of the Wilson Government.

This proposal is included in Government plans for the inquiry now being discussed with leaders of the Opposition parties.

Sir Harold Wilson, the former Prime Minister, has himself suggested that the relevant Cabinet records should be made available.

Mr. Edward Heath, the former Tory Prime Minister, however, has opposed such a move.

If agreement can be reached with the Opposition, Mr. James Callaghan the Prime Minister—will announce the membership and terms of reference of the inquiry into the Bingham Report's *disclosures on Thursday*.

The Government's plans appear to centre on a fairly small investigating team drawn from members of both Commons and Lords. Membership is unlikely to be confined to Privy Counsellors, but would include other prominent backbench MPs.

Arrangements would also be made to ensure that the Committee could continue its inquiry even if Parliament were dissolved for a General Election. Under the normal rules, Parliamentary select committees are dissolved at the same time at Parliament.

Refurbishing for the Assembly: Ray Perman reports

Home for new law-makers

WORK to turn a former Edinburgh high school into a home for the proposed devolved Scottish Assembly will be substantially completed before the March 1 referendum, which will decide whether it is wanted or not.

Mr. Harry Eweing Scottish Office Minister, yesterday defended the decision to go ahead with the £3.75m project (compared to £2.25m estimated in 1976 before the first devolution Bill was withdrawn) by saying that if the Government had waited for the referendum result, there would have been a two-year gap before the Assembly could have started work.

The referendum is likely to be closely-fought, since more than 40 per cent of the Scottish electorate will have to vote Yes before an Assembly can be set up.

Mr. Ewing refused to be drawn into speculating what use the building might be if the vote goes against devolution.

He declined to say when the first Assembly elections could be held if the referendum goes the Government's way.

The impressive neo-classical building, standing on Carlton Hill, which is the site of a number of 19th century follies, has been extensively and tastefully refurbished in keeping with its Georgian grandeur.

The school that once occupied it, however, moved out because of lack of space and it is likely that the Assembly, if it assumes the powers and stature the Government envisages for it, will want to do the same before very long.

This consideration has, in fact, coloured the Government's thinking and costs have been kept to a minimum. Other provincial governments elsewhere in the world are having money lavished on them by comparison.

Queensland is spending £9m on its building, New South Wales £6m, and in New Zealand, £11m is being spent on an extension to the existing Parliament building.

Despite its cramped conditions, the 150 Scottish Assembly members will at least have a seat each in the oval debating chamber, in contrast to their counterparts in the House of Commons, who have to jostle for places during important debates.

They will also all have desks and telephones in a nearby former Civil Service building, but they will have to share one room between two.

Organisational details have been left to the Assembly to decide for itself, although the Government has provided extensive committee rooms, believing that the new body will want to conduct much of its business in smaller groups on the European or American pattern, rather than meet daily in plenary session as Westminster does.

The method of voting will also be left to the Assembly to decide. Cables are being laid to enable decisions to be taken at the press of a button.

John Lloyd writes: The communication system for the Scottish Assembly will be supplied by Pye, at a cost of £250,000.

Based on the Westminster model, it will have the facility for adding on an electronic voting system, should the Assembly wish to record their votes in that way.

The Assembly is not sufficiently large to incorporate a "lobby" vote, as in the House of Commons, and thus voting in the first place will probably be by a show of hands.

The system includes 158 TV receivers in offices and corridors throughout the building, displaying the time, subject of debate and speaker, a "speech reinforcement system" for the main chamber and main committee room, a central recording room equipped to record from the Assembly chamber and the major committee rooms, microphone mixing systems for the smaller committee rooms, and a division bell system.

Companies Bill line-up

FINANCIAL TIMES REPORTER

THE LINE-UP for the standing committee on the Companies Bill, which starts work on December 5, includes nine Labour MPs, eight Conservative and one Plaid Cymru.

So far, the most controversial changes in the bill have been proposed legislation against dealing in securities on the basis of "inside" information and a proposed duty of directors to take account of employee interests.

The Government team is headed by Mr. Robert MacLennan, Parliamentary Under-Secretary of State, Prices and Consumer Protection, and Mr. Michael Meacher, Parliamentary Under-Secretary of State, Trade.

The chairman of the committee is Sir Stephen McAdden (Conservative), Mr. Cecil Parkinson, Tory front bench spokesman on Trade will lead the Opposition's attack.

The other Conservatives on the committee will be Mr. Tim Renton, Mr. Peter Brooke, Mr. John Cope, Mr. Terence Higgins, Mr. John MacGregor, Sir Brandon Rhys Williams and Mr. John Wakeham.

Other representatives for the Labour side will be Mr. Donald Dewar, Mr. John Evans, Mr. Geoffrey Lofthouse, Dr. Oonagh McDonald, Mr. George Robertson, Mr. Leslie Spriggs and Mr. Alec Woodall.

The Plaid Cymru committee member is to be Mr. Dafydd Wigley.

LABOUR NEWS

Swan Hunter workers say no to new pay-talk plan

BY OUR LABOUR CORRESPONDENT

BRITISH SHIPBUILDERS' plans to replace its fragmented bargaining system with annual negotiations around a common date from January were rejected by a mass meeting of 2,500 Swan Hunter employees on Tyneside yesterday.

The new pay system would replace the 168 sets of separate negotiations, and set minimum wage levels throughout the industry of £80 for craftsmen, £70 for semi-skilled and £62 for unskilled.

Leaders of the Confederation of Shipbuilding and Engineering Unions unveiled the proposals to a conference of their members earlier this month.

They have been approved by the Government, British Shipbuilders and the confederation's Shipbuilding Committee.

As yesterday's decision on Tyneside demonstrated, however, they are likely to have a rougher passage through some shipyards.

Mr. Bill Porter, an official of the General and Municipal Workers' Union, which represents all 2,500, said: "The plan to conduct pay bargaining nationally, and all other proposals to centralise the industry, were rejected out of hand."

Mr. Porter said the reason for the men's rejection of the proposals was that under centralisation it would be impossible to differentiate between profitable and non-profitable yards.

"The bailing-out of lame ducks at the expense of yards making a profit has got to stop," he said.

Mr. Porter added that due to "the failure of British Shipbuilders to give assurances on the future" of the Doxford engines plant at Sunderland, his membership at George Clarke and NEM's works on the Tyne were to "black" an engine under construction there.

"This engine was transferred to George Clarke's earlier this year as there was a rush to get it completed," he said. "Now, if the engine is to be finished, it will have to be built at Doxford in Sunderland."

End action, railway drivers urged

By Nick Garnett, Labour Staff

SOUTHERN REGION train drivers were yesterday recommended by their union officials to suspend all industrial action over their bonus payments dispute at least until after Christmas.

The recommendation was agreed on yesterday by the Southern Region district council of ASLEF, the drivers' union.

The council delegates are also asking the executive to sanction official industrial action over the dispute if a solution is not found by January 6.

Officials said yesterday that if the executive failed to do this, unofficial industrial action on the Southern Region would be resumed.

The drivers originally agreed on a policy of one-day strikes, some of which have already taken place, followed by two-day strikes from January 2.

Inquiry report

The drivers' union is claiming special bonuses for all drivers related to what it believes is improved productivity over the past year.

It has rejected the report of an independent inquiry which proposes special payments solely for drivers of the High Speed Train.

A working party to look at ways of improving drivers' productivity and related payments is almost certain to be set up by the three rail unions and the British Railways Board.

A meeting of the Railway Staff National Council is due to meet tomorrow to discuss the issue. ASLEF is saying that this working party should provide a solution by January.

Pay offer for Scots lorrymen rejected

BY NICK GARNETT, LABOUR STAFF

A SECOND pay offer, within the 5 per cent limit, made to 5,000 lorry drivers at Scottish road haulage companies has been rejected by union negotiators.

This appears to bring closer either a lorry drivers' strike in Scotland or a significant breach of the 5 per cent pay policy by the Road Haulage Association, whose individual member companies are faced with disruption.

A previous offer was overwhelmingly rejected at mass meetings. Negotiators for the Transport and General Workers' Union, who say they will not accept a deal within 5 per cent, told employers at the weekend that the latest offer would also be put to mass meetings with a recommendation to reject.

Other regions of the association have made 5 per cent offers, but Scotland is leading the industry's wage negotiations this year and the rest of the association's areas are waiting for the outcome there.

The drivers have submitted a national claim of 20-30 per cent, including an increase in the present basic rate of £53 for 40 hours to £65 for a 35 hour week.

The Scottish employers' offer involves a 5 per cent rise on basic rates and a compensatory sum of £56 in exchange for moving the settlement date from November to January.

The night work shift rate would be improved by 5 per cent and the subsistence allowance increased from £6.65 to £7.50. Four weeks' holiday would be granted after two years' service instead of the present three years' from May next year.

Fringe benefit improvements would include compensatory payments of up to £75 for theft or damage to personal effects and a reduction in the qualifying period for issuing compensatory money for loss of licence due to medical reasons.

There would also be discussions on productivity, related to new EEC regulations for the haulage industry, which could yield further money.

Settlements within the association last year averaged 15 per cent, in breach of the then Phase Three 10 per cent guideline, after strike action was taken at individual companies and within particular regions.

Government Ministers have already warned association members that they face sanctions, particularly in the use of Price Commission controls, if they breach the pay guidelines.

Journalists in crisis talks after sackings

By Our Labour Staff

THE National Union of Journalists is to hold a meeting of its emergency committee today to discuss the sacking of 100 journalists on the Bolton Evening News hit by the week-old national campaign of industrial action by provincial journalists over a £20 pay claim.

The union claimed yesterday a programme of sanctions was being supported by about 95 per cent of the 9,000 provincial journalists involved in the present pay dispute.

They have been holding mandatory chapel (union branch) meetings and taking other forms of action in various degrees which have reduced pages in a number of daily newspapers and lost certain editions to the evening papers.

The Newspaper Society, representing about 260 employers, will this week be preparing a case to present to the Department of Employment for a pay increase in excess of the Government's 5 per cent pay guidelines.

It has previously offered increases of 9 per cent contingent on Government approval, but the union is insisting on free collective bargaining.

Mr. Noel Howell, NUJ national organiser, said that an increasing number of employers were "going their own way" and offering pay increases nearer to the union's demands. These included the Southampton Evening Echo where about 80 journalists had called off action following the offer of a 15 per cent increase with productivity bonuses.

Ambulance drivers' dispute may end

BY PAULINE CLARK, LABOUR STAFF

HOPES of a solution to the West Midlands ambulancemen's dispute rose yesterday when Mr. Roland Moyle, Minister of State at the Department of Health, gave the go-ahead for discussions to start on a proposal to "buy out" bonus pay anomalies in the area.

After meeting the management side of the ambulancemen's section of the joint Whitley Council negotiating body, Mr. Moyle said that the issue may have "national ramifications." He urged management and unions to ge together urgently to discuss a solution.

Since the West Midlands health authorities suspended some 600 of its ambulancemen more than a week ago because of industrial action over bonus pay anomalies, a major part of hte county has been without an official ambulance emergency service.

Birmingham and Coventry are among the areas of dense population which are now relying entirely on the Red Cross, St. John and police back-up ambulance fleets to respond to 999 emergency calls. Fears are already mounting over how long the essentially voluntary service can continue to cover local needs.

Health officials conceded yesterday that patients in certain categories could be suffering. These include old people and outpatients needing physiotherapy and other forms of care essential to their health but not qualifying as life-and-death cases.

It was Mr. Moyle's second personal involvement in the dispute since last Friday when he met a joint delegation of union representatives and leading officials in the West Midlands Health Authority.

Ambulancemen in the county have been protesting at wide disparities in bonus payments arising since the 1974 reorganisation of the National Health Service.

When the ambulance service was taken away from the various local authorities and made into a unified service, Government pay policy prevented the introduction of an equitable bonus system.

The health authorities want to buy out the present hotch-potch of bonus schemes with a lump-sum payment to enable a new structure to be negotiated.

North Sea Ferries' ships blacked at Hull

HULL dock lock gate men refused yesterday to handle North Sea Ferries ships, which were unable to get to their terminals to discharge and load cargo.

Docks board officials feared that the dispute would spread to involve other ships.

The port dockers, who have banned overtime for the past three weeks, are in dispute over a 20 per cent pay rise demand. They extended their action to include a work-to-rule which will slow cargo-handling.

About 25 per cent of cargo passing through the port is handled in overtime periods.

The dockers' action is unofficial. The shop stewards have said they will maintain their attitude until the port employers present an acceptable pay offer which includes not only an extra £15 a week on normal working week pay of £78 71p, but also improved overtime and holiday pay.

The port employers have said they will not breach the Government's 5 per cent guideline, and this was reiterated last week when negotiators from the Transport and General Worker's Union demanded pay talks on the basis of free collective bargaining.

Leyland strikers go back on eve of crucial talks

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE IMMEDIATE threat to Austin Morris production was lifted yesterday when 250 workers at the Drews Lane component plant in Birmingham returned to work.

The men walked out on Friday in protest at a management decision to stop the pay of 20 operatives accused of disrupting production. The men, who assemble front suspension units for Austin Morris vehicles, have agreed to work normally while talks continue on their grievance.

Management hopes of preventing disruption over pay rest on central negotiations to be held in Coventry today. The company's pay package involves a 5 per cent increase, higher overtime and shift payments, and moves towards parity of earnings between plants by November next year.

Assuming progress today, BL Cars senior shop stewards are likely to be called to a meeting to vote on company plans for around 7,000 voluntary redundancies. Management insists that the jobs must go in order to raise productivity and finance the pay package.

But last night the pay package faced a new hitch.

The company's proposal to operate the new agreement between the engineering unions and the engineering employers only if workers accept the package came under fire.

Mr. David Buckle, Oxford district secretary of the Transport and General Workers' Union, the biggest union at Leylands car factories, said that Leyland had no right to try to impose conditions on a national agreement.

The unions accepted the company's view that the terms did not apply until next February. "But we cannot agree the national agreement should be conditional on acceptance of the pay package," he said. The two issues were entirely separate.

The joint management and union team of negotiators meets today to decide its attitude towards the company's pay parity scheme. The plan may go to a ballot.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING

Shredding without danger of blockage

TWO INVENTIONS by four Cranfield Institute of Technology students have brought major improvements in waste product shredding machines, and patents for the designs have been applied for by Metal Box Diversified Products, which footed the bill for the project to be carried out at CIT. Intended to solve a major problem in contemporary shredding machines the project was sponsored by Pulvermatic Division of Metal Box.

Shredding machines marketed by Pulvermatic for some years can take and process the contents of a typical dustbin and more car tyres, vacuum cleaners and washing machines. The shredders make short work of all these waste items, reducing them to one-inch strips which can be chemically processed to reclaim the valuable elements.

Problems arise when a solid unshreddable lump comes in contact with the cutters of the shredding machine. The machine stops and an operator has to hunt through a hopper-full of rubbish to locate and remove the lump—which may have broken one or more cutters, resulting in several hours' down-time while they are replaced.

The students came up with two inventions: they redesigned the cutters, making them stronger, cheaper and easier to assemble; then they built in an automatic hydraulic mechanism which locates the lump, lifts the "head" of unshredded rubbish out of the way, opens a door in the side of the machine and rejects the lump. The machine then carries on operating as before.

Metal Box has applied for patents on these inventions in 15 countries.

The students were on a two-year MSc course in the design of production machines and systems—run by the Department for the Design of Machine Systems (DDMS) at Cranfield. This course involves a student group in the design, manufacture and testing of a new machine system required by an industrial company.

Professor Pat McKeown, head of the department, believes the UK's need at the present time is to enhance skills in product innovation and then increase efficiency and profitability in manufacturing and marketing them. This is what the two-year course in design of production machines and systems is for—training high-calibre engineers with design experience to become competent systems engineering designers, engineering project managers, or technological entrepreneurs.

Meanwhile a new security aid for business executives is an office-size disintegrator, which destroys confidential material such as microfilm, microfiche, and high security documents instantly.

Volumatic calls it the model 700. It is the size of a small filing cabinet, electrically powered, and virtually silent in operation. It reduces the material to a powder—a micro-scopic confetti form which does not require incineration.

It will destroy all types of film, paper and fiche on a continuous basis without jamming.

Because of the fineness of the end-product, care has been taken to ensure that there is no dust. This is disposed of through a built-in vacuum unit which also collects and compacts the waste for easy disposal.

This machine is 44½ inches high by 21 inches wide by 23 inches deep. Its capacity runs up to ten sheets of paper or film at one time. An optional extra is a microfilm feeder.

Volumatic operates from Taurus House, Kingfield Road, Coventry CV6 5AS. 0203 84217.

Adjustments in progress on an otherwise robot automated spot and arc-welding installation designed and built by Unimation (Europe) to weld up to 600 car seat frames a day prior to shipment to Italy. With three Unimate 2000, associated electronics and conveyor line, the unit can be programmed to weld components for seven different types of car seats. The robot in the foreground is MIG welding the top side of a car seat base frame. At the next work station spot-welding is completed before the welding jig is automatically turned over to give the third Unimate access to weld the underside of the seat frame. Further on 0952 618931.

● POWER

Compressors go quiet

COMPRESSOR GROUP at Danfoss has new compressors for 12V and 24V dc (battery) operation in refrigerators and freezers in trucks, buses and mobile homes, caravans, boats etc.

Designated type BD, the new series is for operation on R12 refrigerant in cabinets of up to 160 litres.

Low noise level is one advantage and the robust 24V model is of heavy duty construction, suitable for severe transport application i.e. trucks, buses etc. Both models have a displacement of 3.1 cubic centimetres per revolution.

Operating on electronic commutation, BD compressors can be used with all mechanical types of thermostat to be found in modern refrigeration appliances.

Danfoss, Perivale Industrial Estate, Horsenden Lane, South Greenford, London UB6 7QE. 01-998 2041.

Standby unit easy to start

PROVIDING FULLY automatic protection against mains failure is a 355 kVA 3 phase power standby set introduced by Swan Generating Sets, Swan Close Road, Banbury, Oxon Ox16 8AH (0295 3494).

The company is taking advantage of the new compact, lightweight Mercedes Benz OM404A diesel engine, which is at the heart of the unit.

The compactness of the engine, with exhaust turbocharging, is said to give low fuel consumption and cheaper running costs. More important, however, is the set's use for standby applications where an engine may sit idle for long periods.

No cold start aid is required for ambient temperatures down to —15 degrees C—but, should it be required for exceptionally cold starts, the engine is fitted as standard with an excess fuel lever for cold start reliability.

● SECURITY

Builds a portrait of a villain

GENERATING facial images built up from a number of standard features, offered at CADC, operates in a similar fashion to the manual methods presently used by the police, but has the advantages that the standard features can be merged into a face, the tonal range can be adjusted and even the shape modified, in a manner impossible by conventional methods.

The system uses a display terminal connected to a computer in which is stored a data-bank of standard facial features. These features are used in combination with one another to build up, on a display terminal, a composite face that accords with the description of witnesses.

Development work was undertaken by the CAD Centre at the request of the Police Scientific Development Branch (PSDB) who selected the CAD Centre from 12 organisations which were originally approached. The decision to commission the CAD Centre was made because of its extensive experience in computer graphics and because of its latest hardware development, the advanced graphics display terminal—Bugsture—which was used in developing the system.

Though the technique has now been fully developed, it is being handed over to PSDB for practical testing. In the immediate future the PSDE intends to carry out a detailed evaluation of the advantages of the new system over the conventional systems used. The long-term hope is that it will prove possible to produce a portable unit that could be plugged into a domestic TV and used by a police officer at the scene of an incident to build up a picture of a suspect from the description given by witnesses, before the latters' mental image can fade.

Computer Aided Design Centre, Madingley Road, Cambridge, CB3 0HB.

● HANDLING

Grain moved through any angle

PORT AUTHORITIES and other organisations concerned with the bulk transfer of granular materials are promised major benefits with the introduction of the Simporter from Simon Engineering, PO Box 31, Stockport, Cheshire SK3 0RT (061-428 3600).

This conveys grain "sandwich fashion" between two moving belts held together at the edges by air pressure. Granular materials can be transported vertically, horizontally or at any intermediate angle without degradation, says the company.

Its typical single boom travelling intake plant consists of an overship gantry from which is suspended the vertical leg and feeder, mounted on a steel superstructure which stands on a wheeled portal frame undercarriage.

The plant can be operated from a control cabin within the crane-post structure, or by a portable pendant push-button station on the ship's deck.

Detergent powder dispensed

EQUIPMENT which can convert powdered detergent into semi-liquid concentrate, and dispense it directly into dishwashing machines, is called the Guardian System and has been launched by Suilax, 830 Yeovil Road, Trading Estate, Slough SL1 4JL (Slough 34211).

Because the powder, called Guardian Plus, is stored in its dry state in the dispenser, it does not lose its chlorine, and there is no "caking."

Apart from the economy of using powdered detergent, says the company, further savings are realised by an electronic sensing device which detects detergent concentration in the wash and signals the equipment to dispense only as much as necessary to maintain solution in strength.

The signal actuates a water spray which is directed up through a screen in the dispensing unit, and immediately converts the required amount of powder into concentrate which is then dispensed at once.

● DATA PROCESSING

U.K. package for minis from IBM

INSAC, THE UK software promotion centre backed by NEB, has started a joint venture agreement with SPL, one of its member companies. Under the agreement, Insac and SPL jointly fund the development, marketing and maintenance of the Series 1 version of RTL/2. Both will share in the world revenues arising. The new product will be available from January 1979, and will add an important real-time language product to the repertory for the key IBM product.

In common with all other RTL/2 packages, the Series 1 version will comprise not only a compiler but a comprehensive package of software. This package [illegible] for program [illegible] and run-time support [illegible], including access to operating system features.

Series 1 [illegible] suited to RTL/2 and [illegible] code makes [illegible] of the machine's [illegible] and addressing [illegible].

SPL's [illegible] RTL/2 under its [illegible] with Insac will be [illegible] other Series 1 users of the language the same documentation, maintenance, education and consultancy services as [illegible] for IBM 370, PDP-11, Interdata, Computer Automation and Ferranti Argus. The Series 1 RTL/2 will be the same language, in every respect, as all other implementations.

The group has opened a new research centre which represents a major investment by SPL International. Financially it is an important move, and in terms of the consolidation of expertise throughout the company will be central. Its main concerns will be the Pascal language, tools for system construction and, of course, RTL/2.

Insac operates from 01-831 7736. It is on the [illegible] of opening an office on the U.S. West Coast.

● TRANSPORT

Chips to handle complex car parks

THE MEDWAY Borough Council claims to have the most up-to-date and versatile traffic control system yet developed. This will operate in time for Christmas at a car park associated with the Pentagon Shopping Centre at Chatham in Kent, and is a microprocessor-controlled type designed and manufactured by Godwin Warren Engineering of Bristol.

It is known as CAPS (computerised automatic parking system), and its chips control three entry and five exit lanes serving both a two-storey car parking area above the Pentagon Centre, and an adjacent linked five-storey car park. Access to the car parks which cover some 1,100 car spaces is complicated by being at different levels in different places.

The system will replace a "pay-and-display" method, payment now being by "pay-from-vehicle" units at the exits.

The key features of the system for operators of large or complex car parks, says the company, include a virtually unlimited capability for pre-programming tariff charges on an hourly basis for up to a year in advance, more than usually foolproof audit facilities, and a low level of manning.

Thus, it automatically takes account of special rates for rush hours, Bank Holidays, special events, etc. It is also said to be practically proof against vandalism and "fiddling," and can be run by two men at most—to remove collected cash, replenish ticket supplies, etc.

Following the Chatham order, the company (part of the Firth Cleveland subgroup of GKN) immediately received an order from Holland, and says that systems installed, or on order, in the UK and Europe far exceed its budgeted figure in the first year of production.

● PLASTICS

Eagle eye on complex product

TEMPERATURE MONITORING and alarm equipment has been supplied by Base Ten Systems to Shell Chemicals for real-time compressor monitoring on a polyethylene plant at Shell Chemical's manufacturing complex at Carrington, Manchester.

It will replace conventional multipoint recorders, indicators and alarm circuits and is based on the Magus system, combining pulse code modulation data-acquisition techniques with microcomputer control using a DEC unit.

The temperature monitoring array looks at performance of compressors used in polyethylene production. It continuously monitors up to 256 temperature points, taking inputs from a mixture of thermocouple and resistance elements and converting the resulting analogue signals into digital data with analogue presentation of temperature trends.

Main functions include alarm monitoring of selected inputs, with indication via visual-display unit, control panel and operator logs.

Trend information is maintained for all points for up to a 24-hour period, and can be displayed graphically on a visual-display unit or printer for record purposes. Main system status reports are also produced on demand or at regular intervals for plant management purposes. Normal log and status summaries are printed in black, with alarm and warning messages in red.

Base Ten, Unit 3, Lower Farnham Road, Aldershot. 0252 312911.

● CONSTRUCTION

Improved finish for walls

APART FROM camouflaging irregularities, surfaces can be enhanced by the use of a high-build multicolour coating formulated by Sigma, Castle Mills, Buckingham MK18 1ED (02802-2081).

Called Sigmalto, it is a low-colour coating with a low relief and offering a tough resistance to abrasion. Stains, says the company, can be repeatedly scrubbed away with ease and the coating's antistatic property discourages dust settling on it.

A complete system can be normally applied in only two coats—to concrete, plaster, or soft and hard woods of any kind, and also previously painted surfaces.

Gives roof protection

PROTECTION FOR bitumen and asphalt roofs against damage by pedestrian traffic and solar heat gain, can be provided by tiles made of glass reinforced cement (GRC) from Pilkington Brothers, Prescot Road, St. Helens, Merseyside WA10 3TT (0744 28882).

They are called promenade tiles and will give a decorative, hard-wearing and slip-resistant surface which is practically maintenance-free and highly resistant to algae.

Apart from being completely asbestos-free, the tiles have a high strength to weight ratio with, says the company, a high-quality surface finish.

Made normally in natural grey cement, they are unaffected by extremes of heat or cold.

Heater for outdoors

ALTHOUGH intended for use in well ventilated areas—such as building sites, garages, factories, etc., a range of mobile direct-fired oil heaters from Heylo GmbH of Sarstedt, West Germany, can also de-ice diesel engines, building materials and plant, etc.

Unlike indirect-fired heaters (which require a fixed flue connection) these are moveable and able to be relocated quickly and conveniently, says the company.

A further advantage is said to be the fact that direct-fired heaters lose no energy by venting hot combustion gases outside—thus, heater efficiency is equal to the combustion efficiency of the built-in pressure jet burner.

The UK subsidiary is Heylo Heating and Ventilating, 53 Fleet Street, London EC4Y 1BE (01-353 8861).

The Management Page

EDITED BY CHRISTOPHER LORENZ

Bowater defies the City sceptics

By TERRY OGG

BOWATER, the pulp and paper giant is completing a major review of its involvement in commodities—an involvement that has kept the City constantly sceptical about the company in recent years because of the affect this has on the group balance sheet. As a result, a slight speculative rating has been added to Bowater's share price.

But rather than reduce, or even dispose, of its commodities activities Bowater is thinking of expanding them. It takes the view that they are not only profitable but are a nice hedge against downturns in its traditional group activities. Bowater contends that balance sheet minuses are more than offset by pluses such as stock relief on commodity inventories. And commodities generate profits that enable more of the group's overseas earnings to be retained for funding local development.

Bowater has had an association with commodities for many years through its traditional activities, but its current interest stems from the virtual shotgun merger with Ralli International six years ago. Bowater was having a major profit slump, it was asset rich and it had the then mercurial Jim Slater as a substantial shareholder. Ralli, a Slater satellite run by his young acolyte, Malcolm Horsman, was in a dramatic growth phase. A merger, it was hoped, would give Bowater protection while it rebuilt its traditional profit base, give it an injection of dynamic management and launch it into activities that were the antithesis of its high capital/high labour intensive pulp and paper operations.

Ralli International was, itself, the product of a rather incongruous "in-house" Slater merger between a listed company, The Oriental Carpet Manufacturers Ltd and Ralli Bros (Trading)—a commodities and financial services group which Slater bought from Sir Isaac Wolfson. Under Horsman it expanded rapidly both organically and through acquisition from a pre-tax profit of £392,000 in 1968 to £10.1m by the end of December, 1972.

For most of 1973, with the worldwide commodity boom in full swing, it appeared that the hopes of the merger would be fulfilled. But the Arab oil embargo plus the price rise put an end to the commodity boom and in 1974 commodity profits dropped. Shortly afterwards Ralli was ensnared in the secondary banking debacle through its property and finance activities and the traditional Bowater activities were called upon to pick up the slack. Group profits, which had recovered from the £9.5m nadir in 1971 slipped 11 per cent to £52.5m in 1975.

The profit check coincided with the first major review of the Ralli operations and led to a public announcement on December 22, 1975 spelling out Bowater's changed attitude to its former bright star.

Expertise

The company said that in future, Ralli Bros would confine its activities to commodity broking and merchanting in raw cotton, jute, jute goods, sisal and rubber. "These are all areas where the group has long-standing expertise and where Ralli is a world leader in each particular trade," Bowater said.

The group's decision to persist with the international trading activities surprised sectors of the City. The rather exotic world of commodity trading with its profit peaks and troughs was a bit out of step with an investment climate which liked steadily rising profits, dividends and yields. The majority of analysts felt that either commodities would become an interesting Bowater sideline or perhaps be sold off after establishing a more saleable profit trend.

But the commodity side, particularly raw cotton, was expanded rapidly and profitably. Now the latest review suggests that this expansion will continue even further, both organically and through acquisitions and through moves into new markets.

For it shows that now the tumult and the shouting have died down, it has a relatively autonomous group of international trading operations, employing small amounts of labour and capital that are capable of generating sterling denominated profits of a size sufficient to meet a large portion of the group's sterling dividend needs.

This last point is important because it means that the bulk of profits earned by the Australasian, U.S. and Canadian operations can be used to fund growth and expansion in those areas.

Ralli Bros. (Trading) is the principal corporate vehicle for commodities traded by its subsidiaries, including jute, jute goods, twine, sisal, flax, hemp, rubber, latex, coffee, haricot beans and beeswax. But the major revenue and profit spinner is Ralli Bros. and Coney, a raw cotton merchant.

Formed in 1962 through the merger of the original Ralli Bros. and Smith Coney and Barrett, a Liverpool cotton merchant specialising in East Africa, the cotton subsidiary now trades in more than 30 countries. In 1977 it earned pre-tax profits of £6.3m from sales of £349m.

It is a major force in international cotton trading and last year took the first steps towards becoming a significant presence in the U.S. domestic cotton business with the acquisition of the California Compress Company and the formation of the California Cotton Marketing Company. The two moves, together with the new warehousing complex at Fresno in California and the facilities at Memphis in Tennessee, are designed to enable the company to maintain its impressive sales growth rate.

Profit growth has been a bit erratic. In 1971, pre-tax profits were £427,000 and the following year they climbed to £760,000. A year later the figure reached £2.2m and, despite falling markets and massive destocking by industrialised countries in the wake of the oil price induced recession, it hit an all-time high of £13m in 1974. The following year it slipped back to £6.5m and rose slightly to £7.8m in 1976 before settling back to £6.3m last year.

This problem of irregular profits is created by the merchant being essentially a servant: buying from growers, growers' agents and central selling authorities and selling to manufacturers and mills. It classifies, stores, ships and delivers cotton and does it on borrowed money across a wide spread of international currencies.

Apart from a brief period in the mid-1970s cotton prices are not spectacularly volatile but they are one of the factors in the management equation.

The key management figure is the Earl of Carrick who has been with the Ralli cotton business since 1958. He is a main board director of Bowater and a member of its four man executive committee—a de facto board committee which meets once a week to assist the managing director review and plan Bowater's operations.

Lord Carrick is also chairman and managing director of Ralli Bros. (Trading) and chairman of Ralli Bros and Coney, the raw cotton merchant. The other members of the Ralli Bros (Trading) board have either a corporate function or are in charge of one of the commodity trading subsidiaries.

The cotton business is based in Liverpool: it has warehouses in Holland and California as well as the UK and has a major regional sales office in Hong Kong. The company divides the world into geographical areas under the control of a senior executive. Each area has a buying and a selling function.

Cardinal rule

It is very much a centrally controlled organisation and each level has specific limits on the position it can take. The ultimate decision on commitments comes from the Bowater Board. According to Lord Carrick there is a cardinal rule within the organisation that nobody, however senior, can make a decision while they are travelling. That is designed to prevent jet-lagged executives acting on information that may be a little old. It also stops people being dazzled by deals.

It is a highly geared business with share capital and reserves of £9m at the end of 1977 and bank borrowings of £25.2m. Current assets stood at £78.9m and current liabilities were £66.8m.

The business can be run on minimal capital because banks are happy to lend short-term against trade documents such as warehouse receipts and bills of lading. At one time all the financing was arranged in sterling but in the past few years it has been done in U.S. dollars, both domestic and Eurodollars.

The latest review of the cotton operations is likely to show that Ralli, and therefore Bowater, has around 25 per cent of the international cotton trade—that is the raw trade between producing and consuming nations. So further scope for growth beyond that of the industry is somewhat limited. But its share of the U.S. domestic market is less than 5 per cent so there are above normal growth opportunities there, by both organic means and acquisition.

The other commodities it trades in have a somewhat restricted market and, particularly in the jute and jute products, sisal and twine areas it is already a world leader.

In the definitive December 1975 statement on international trading Bowater mentioned the small Commodity Management Services operation which manages private clients' funds for investment in commodity markets on a discretionary basis and said that it was its intention to expand this activity. Not a lot has been heard from it since then but, with the current wave of interest in commodity investments and commodity syndicates by investors, it is likely that more effort will be concentrated on it in the future.

The hopes of the original Bowater/Ralli merger are thus somewhat belatedly coming to fruition. It is providing a low capital/low labour alternative profit source and key members of the Ralli management are now playing significant roles in the development of Bowater.

Why auditing standards should go international

MULTINATIONAL companies in many countries of the world are now providing shareholders and others with financial statements which go a long way beyond the requirements of their national laws. The trend is most obvious in Europe, in countries such as France, Switzerland, Sweden and even Italy.

Not surprisingly, many of these companies seek to give credibility to this new extra-statutory information by bringing in one of the international accounting firms to report on it in some form or other. All sorts of opinions are published: some almost say the accounts are true and fair, while most seem to amount to little more than saying: "we have checked the additions."

Simplifying the procedure

One of the most common references found in these audit opinions is something like: "our examinations were carried out in accordance with generally accepted auditing standards," and occasionally this is backed up by some reference to "generally accepted accounting principles." At first sight this sounds very advanced—until it is realised that the countries of the companies concerned do not have anything approximating to auditing standards or generally accepted accounting principles.

Another possibility is that these auditors are referring to U.S accounting and auditing standards, though they do not say so, and the quality of the information generally belies the likelihood.

How much easier it would all be if we had international auditing standards to refer to, just like we are now having international accounting standards. The benefits would not be limited to multinationals. The development of an international set of standards would make it easier for underdeveloped accounting countries — which, incidentally, includes most of Europe—to produce domestic auditing standards.

It is therefore most timely that Professors Edward Stamp and Maurice Moonitz should devote their time to a book on this very subject. International Auditing Standards* is one of the most readable and well-argued books to appear on the accounting scene in recent years. The professors' conclusion is that the need for a set of international auditing standards is now sufficiently urgent to justify the establishment of an International Auditing Standards Committee, or IAudSC for short. Indeed, they say that they believe so strongly in the importance of international auditing standards that they are planning to visit nine countries vital to the project to get it off the ground.

The starting point of the argument is the definition of auditing as "the supreme manifestation of the art (and science) of financial reporting." The auditor is necessary because he lends credibility to financial statements. However, if outsiders are to rely on his opinion they must be able to judge what it means and how useful it is likely to be.

"So the auditing profession itself needs a set of auditing standards, in order to lend credibility to the role of the auditor and his functions, in much the same way that the work of the auditor lends credibility to management's financial statement." In other words, it is necessary for the profession to have an objective and impressive set of standards that are clearly accepted and enforced by all members of the profession.

"As international accounting standards acquire more authority, Stamp and Moonitz argue that it will become increasingly necessary to have a set of concomitant international auditing standards. "Just as international investors can more readily comprehend a set of financial statements drawn up in another country on a known set of international accounting standards, so also the confidence of such investors in financial statements prepared in a country other than their own will be greater if they know they can rely on the standards adopted by the foreign auditor in his work."

But how do we go about getting an IAudSC? Stamp and Moonitz go for the concept of vital countries — an idea first mooted by Professor Stamp's former colleague, Mr. Alister Mason. In other words they say that no set of international auditing standards will succeed without the active participation and support of most if not all of the following: Australia, Brazil, Canada, France, Japan, Netherlands, UK, U.S., and West Germany. Surprisingly, no fewer than six of these already have auditing standards of their own, and the UK is now in the process of establishing its own standards. Only France and Holland lack explicit plans.

On the question of which organisation should be responsible for developing international auditing standards, the authors favour the new International Federation of Accountants (IFAC), which is based in New York. However, they say the evidence at the moment does not suggest IFAC is exactly giving the matter priority. In that case, Stamp and Moonitz warn that IFAC is not essential to the task. The UN could easily sponsor the work through its new Center for Transnationals, also in New York. After all, this body is now planning to enter further into the field of international accounting standards, while at the same time building up its data base of information on multinationals for the use of member states.

Vulnerable to reform

Another useful feature of the book is its survey of the present state of accounting and auditing in the vital countries. Among the professors' conclusions about the UK are the following:

"Until recently, the profession in the UK has been left undisturbed to train its members, to discipline them, and to co-operate with other agencies in the financial sphere to improve financial reporting, and accounting and auditing standards.

"The auditing profession is vulnerable to reform from the outside as a result of a series of cases involving audited financial statements that were based on questionable or even blatantly erroneous accounting standards; subsequent investigations uncovered cases of deficiencies on the part of auditors in the course of their engagement."

*International Auditing Standards, by Edward Stamp and Maurice Moonitz. £9.95. Prentice-Hall International, London.

Michael Lafferty

هكذا من الأصل

A SERIES OF INJECTIONS TO BOOST PERFORMANCE.

CX 2400 Pallas Injection (C-matic) Sunroof optional extra

For those who wish to combine the superlative comfort of travelling in a Citroën CX with extra performance, Citroën offer a series of solutions.

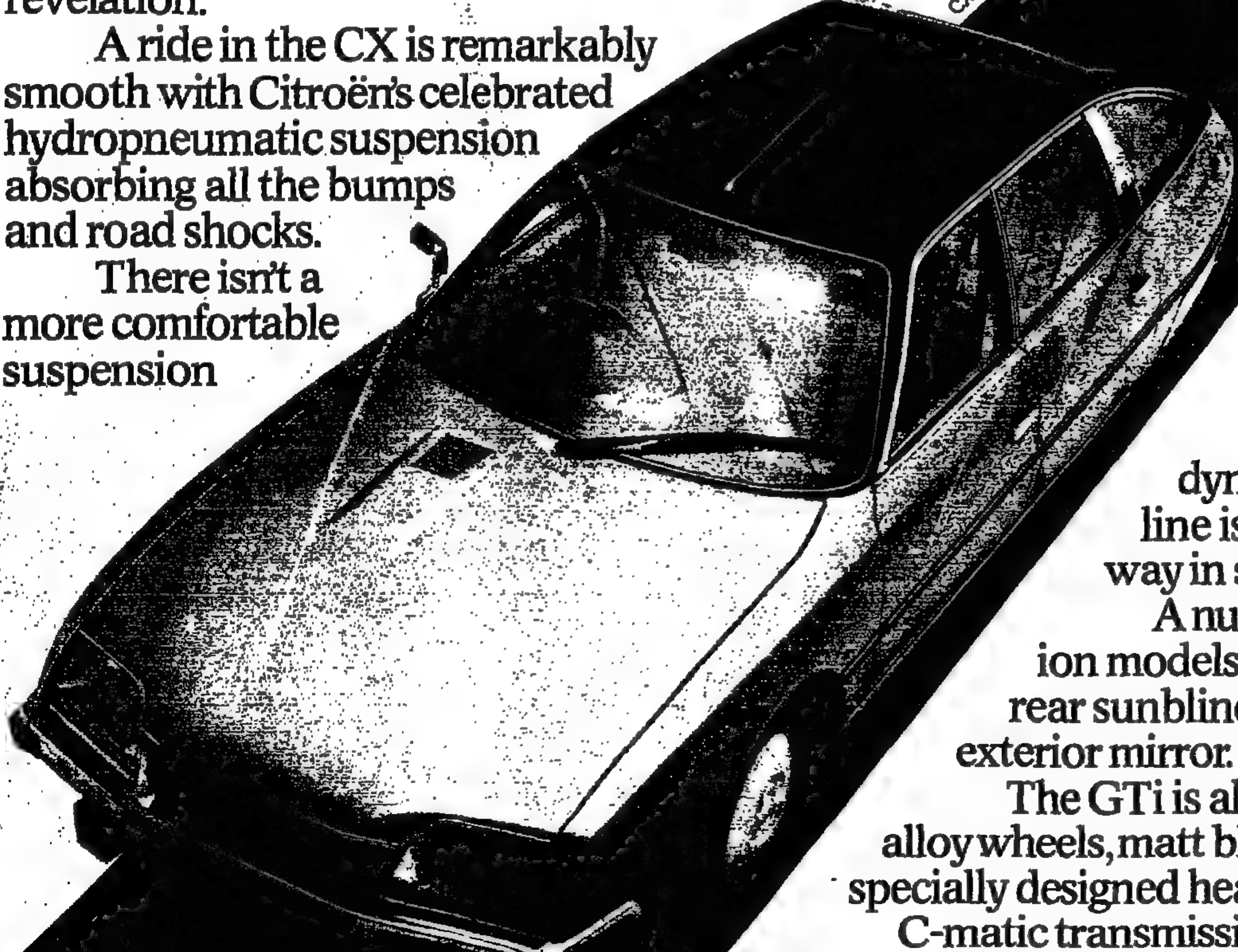
Namely, the CX GTi, the CX Pallas Injection and the CX Prestige; three CX models all with Bosch L-jetronic fuel injection and electronic ignition. Each offers the kind of performance that could leave many a red-blooded sports car driver green with envy.

Matched to the electronic fuel injection is a wind cheating design that's only too willing to accommodate the extra performance. It also accounts for some pretty miserly fuel consumption. The CX GTi, for example, returns 34.9mpg at a constant 56mph (8.1 l/100km at 90km/h).

Those who grew up associating 'performance' with a bone-shaking ride and the deafening roar of an engine will find the CX comes as nothing short of a revelation.

A ride in the CX is remarkably smooth with Citroën's celebrated hydropneumatic suspension absorbing all the bumps and road shocks.

There isn't a more comfortable suspension system in any car at any price.



CX Prestige Injection (C-matic)

Aerodynamic styling makes the CX an exceptionally quiet car to drive at any speed.

Steering is Citroën's unique VariPower system. No other car's steering can match it. When parking it's finger light, and power returns to a straight line position immediately the steering wheel is released. On the open road it grows progressively firmer with increasing speed.

The combination of VariPower steering and aerodynamic styling ensures that deviation from a straight line is negligible in the CX, even when driving on a motorway in strong cross winds.

A number of subtle variations differentiate the three injection models in the CX range, each of which has tinted windows, rear sunblinds, electronic ignition and electrically adjustable exterior mirror.

The GTi is all its name implies, with a close ratio five-speed gearbox, alloy wheels, matt black window surrounds, front and rear fog lamps and specially designed head restraints. (£6979.05.)

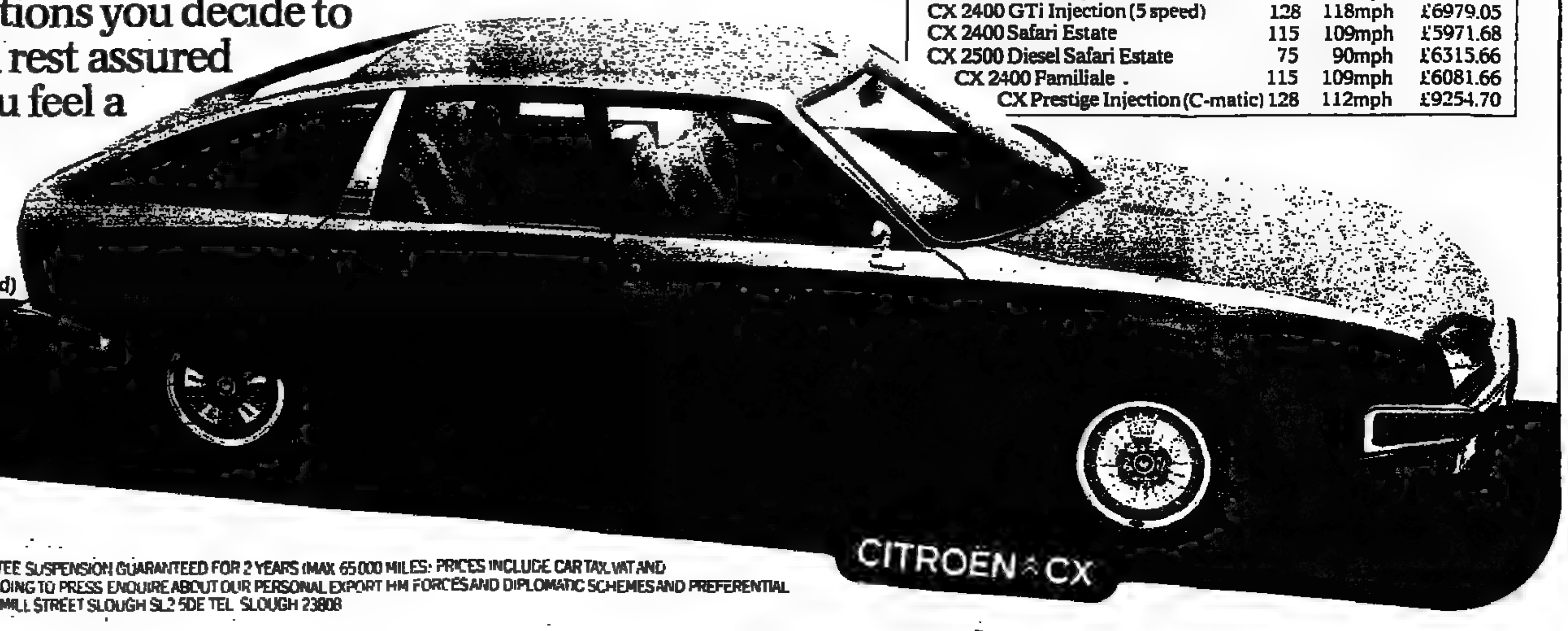
C-matic transmission is standard on the CX Pallas Injection, the most luxurious of the standard wheelbase CX models. (£6997.77.)

The Prestige is the ultimate CX. Longer wheelbase and body, wider rear doors, extra head and leg room. Air conditioning is standard. Probably the most lavish of all saloon cars available at its price. (£9254.70.)

It remains only for us to offer you a few parting words as we leave you to ponder the choice. Whichever of our injections you decide to take, you can rest assured it will make you feel a lot better.

A selection of the 16 models in the CX range

Model	BHP	Top Speed	Price
CX 2000	102	109mph	£4966.65
CX 2000 Super	102	109mph	£5199.48
CX 2400 Super (5 speed)	115	112mph	£5813.73
CX 2500 Diesel Super (5 speed)	75	97mph	£6040.71
CX 2400 Pallas (5 speed)	115	112mph	£6398.73
CX 2400 Pallas (C-matic)	115	111mph	£6582.42
CX 2400 Pallas Injection (C-matic)	128	112mph	£6997.77
CX 2400 GTi Injection (5 speed)	128	118mph	£6979.05
CX 2400 Safari Estate	115	109mph	£5971.68
CX 2500 Diesel Safari Estate	75	90mph	£6315.66
CX 2400 Familiale	115	109mph	£6081.66
CX Prestige Injection (C-matic)	128	112mph	£9254.70



CX 2400 GTi Injection (5 speed)

CITROËN CX.

ALL CX MODELS HAVE RECOMMENDED 10,000 MILES SERVICE INTERVALS 1 YEAR UNLIMITED MILEAGE GUARANTEE SUSPENSION GUARANTEED FOR 2 YEARS (MAX 65,000 MILES). PRICES INCLUDE CAR TAX, VAT AND SEAT BELTS BUT EXCLUDE NUMBER PLATES DELIVERY CHARGE £68.04 (INC VAT). PRICES CORRECT AT TIME OF GOING TO PRESS ENQUIRE ABOUT OUR PERSONAL EXPORT HM FORCES AND DIPLOMATIC SCHEMES AND PREFERENTIAL FINANCE SCHEME. CHECK YELLOW PAGES FOR NAME AND ADDRESS OF NEAREST DEALER. CITROEN CARS LTD. MILL STREET SLOUGH SL2 5DE TEL SLOUGH 23808

LOMBARD

Reasons for low British growth

BY SAMUEL BRITTAN

THE LAG in British growth rates behind most other industrialised countries, goes back at least a century. So it is absurd to pin the blame on one or other recent Government. Since about 1960, however, the gap has been not merely between growth rates—which are matters for statisticians—but between actual living standards, visible to the casual traveller. Another unfortunate aspect is that the more recent Governments have talked about this problem and have been seen to fuss about it, the worse the gap has become. In many ways the UK did least badly under Prime Ministers such as Mr Harold Macmillan and under Chancellors such as Mr Roy Jenkins, who mainly tried to keep things afloat and did not become too agitated about this particular structural problem.

Two diagnoses

If the growth gap is to do with economic policy at all, one is faced with an apparent choice between two conflicting diagnoses. There are those who say that the trouble has been too much state intervention. There are those who say that it has been too little. At this level, the debate can go on forever. But a little comparative history can lead us to slightly more interesting conclusions.

For the greater part of the post-war period there is no evidence that there was more State intervention in the UK than in other Western countries. During the 1950s, and most of the 1960s—even during the Labour Governments of 1964-70—most industrial decisions were made in the market place. Moreover, among industrial economies there is little connection between growth rates and the degree of State involvement in the economy.

Germany has prospered under free market conditions, while Japan and France have prospered (at least until the recent change of course under Mr. Raymond Barre) under a sort of Right-wing dirigisme — a common front between Government and industrial organisations designed to by-pass the market whenever possible.

Yet there is still a generalisation which I would venture. This is that a country can get away with a great deal of State intervention in the market place or with a great deal of egalitarian policy, but not with the two together. Sweden, for instance, until only a very few years ago was a model market economy, but had a high level of social services and fiscal redistribution. At the same time, industrial policy was geared to encouraging workers to shift as quickly as possible to the most profitable industries: and investment was guided by world markets rather than by Government planning. In France and Japan on the other hand. Government industrial intervention was combined with a highly unequal distribution of income; and the bulk of taxation tended to come from sales and turnover taxes, which notoriously do not take from the rich or give to the poor.

There is another even more uncomfortable generalisation. This is that the more democratic a country's institutions, the more likely is Government intervention to hold back rather than to encourage growth. In the UK as distinct from France the direction of state-control and subsidy has always been subject to a great deal of day to day political pressure by an enormous variety of interest groups. There has been neither a Gaullist regime nor an assertive and apolitical civil service, to put aside the pressures.

But one does not have to be either a genius or a born controversialist to notice that since about 1972 there has been a notable increase in the quantity of Government intervention in the UK and a deterioration in its quality. We have had a multiplication of discretionary subsidies to industrial concerns, which have no realistic prospects of paying their way, and which do not involve any genuine spillover benefits to justify the subsidy. The standard of living of UK consumers has been reduced and a development of poorer countries impeded by putting barriers on low-cost imports.

The UK is not overtaxed on any impartial international comparison, but the marginal tax rates both at the top, and at the bottom—where they interact with Social Security payments—have always been notoriously high and justifiable only in terms of envy or resentment. Since 1972 their perverse effects have been enormously increased as a result of inflation and wage control policies deliberately designed to reduce differentials.

Is it a coincidence that this turn for the worse in the quality of intervention has coincided with a preoccupation on the part of politicians and officials with securing trade union co-operation in wage restraints? Or is it more correct to say that both the preoccupation with pay policy and the other perversities listed are the inevitable result of high and variable inflation rates? "Inevitable" not in any logical sense, but in the way in which real world Ministers and officials will react in the political market place.

Management films with a puncture

FILM AND VIDEO

BY JOHN CHITTOCK

IF THERE is a need to explain to someone how to perform a particular task—especially one demanding dexterity — words alone are seldom enough. A film is clearly invaluable: it takes the viewer through the steps, concentrating and pondering on the details wherever necessary. This is almost the "mending a bicycle puncture" metaphor so often quoted by film producers (although, curiously, I have never seen a film about mending bicycle punctures).

Words alone may well describe the process of mending a puncture, although not everyone will have the facility for writing clear and simple instructions. With luck I could qualify as a successful practitioner if my bicycling memories are equally reliable: remove the outer cover with tyre levers, pull out portion of inner tube and inflate, immerse part of tube in water, progressively move wheel round to immerse other parts of tube—squeezing until air bubbles reveal site of puncture; dry tube where puncture is located and clean this area with emery paper: smear rubber solution over area —and when dry attach mending patch (after first removing white backing paper—nearly forgot that!).

Perhaps they don't mend punctures that way any more, but nonetheless such a description—however graphic—is still open to considerable interpretation that a film of the operation would avoid. How, exactly, do you insert the levers under the tyre, and how much pressure do you exert? How do you extract the tube from the outer casing? A film would leave no room for error; in watching the process, you not only receive unambiguous information but also gather the feeling of doing the job correctly.

Feeling how to do it is the secret experience that film, and only film (or video) can convey. Thus Shell UK Oil has recently used film to teach a manual skill: but a skill that is so elusive and so dependent on feeling that words alone could never suffice in teaching mere mortals: the perfect golf swing.

Clearly, golfers the world over dream about this, get into a rage about it, lose sleep over it. In *The Swing's the Thing*, Tommy Horton (captain of the Professional Golfers Association) demonstrates as he talks as he swings as the camera uses its tricks to make it even easier to follow. Slow motion analysis, different camera angles that help to emphasise salient points, all contribute to the sum total of feeling the swing.

It has to be said that this is by no means a great film, not even a classic example of the training film. But it makes the points clearly enough, and something of the elusive quality of a manual skill, the emotional element, comes over.

It is even better demonstrated in snatches of a film series I saw coincidentally the day after the golf production: *Focus on Soccer*. Made in co-operation with the Football League, and already seen on UK television, this seven-part series covers basic skills and the specialised techniques needed in various positions on the field. On the sample I saw, it looks like an excellent use of the medium, illustrating very cogently the techniques, and inter-cutting practice demonstration with edited examples of full-blooded League matches. How better can the positioning of a foot or the swing of a body be seen than on film, which at the critical moment "freezes" the action for closer study?

Few would argue the point. But if the bicycle puncture metaphor is taken a leap forward with a much more complex cinematic metaphor—relating soccer to management training—and I began to have my doubts. Rank Audio Visual has taken just such a leap in one of its latest training films, *The Art of Team Building*.

It scrutinises the management style of Southampton's soccer boss Laurie McMenemy and relates it to the successful methods of a leading businessman, Sir Hector Laing of United Biscuits. It is also a good example of the film-maker's craft, using visual parallels and metaphor, and drawing what could be a potential jumble of elements into a coherent film. Particular praise too for the performances by employees of United Biscuits one of whose factories features in the film; performances is really the wrong word because everyone comes over with consummate naturalness.

Yet I do begin seriously to wonder about this increasing plethora of management training films where subtle and very complex aspects of human relations are repeatedly presented in simplistic terms. In Rank's film, a footballer says "he knows me, how to get the best out of me—we're all individuals and he has to get us in the right frame of mind to get a team performance." Pungent speaking indeed. But is metaphor of this kind really the best way of teaching managers, on film, how to be better managers? Indeed, I increasingly wonder how amenable to correction by training are some of the complex problems of human relations. With the bicycle puncture, where information or dexterity are paramount, there can be little doubt when the film shows how you have been getting it wrong— and it becomes easy to rectify. But how really do you change a manager if the fault is rooted in his personality, his prejudices, or even the sheer impossibility of the system the organisation imposes upon him?

Films perform most easily when the course of action required is unmistakable and when the audience only needs to be motivated into doing something about it. By letting in some light and stirring the emotions, maybe the audience will leap from their seats at the end and resolve to put right what is clearly wrong; maybe even indifference can be changed into caring.

This, potentially, is the value of four other new Rank films which each provide one very short case history (under the general title *Case Histories in Management*). Because they are tackling simple issues, the films may well succeed in making people rectify shortcomings in their organisation where the fault is obvious—such as trying to cope without a secretary, the subject of one of the four case histories.

This is often the uncomplicated aim behind quite sophisticated training films, such as the highly successful Guild Sound and Vision film, *Safety and the Supervisor* (message — create codes of practice; effect—if you don't, look what can happen). Another film from the same stable has just been announced, title *The Front Line Manager*, but we must await its release in the New Year to see it and judge its merits.

Film is an extraordinarily fluent medium for explaining complex processes and ideas, and it is probably unique in being able to isolate and reverse the human condition—just what the training manager ordered. But do we really know and understand enough about these human processes to analyse them constructively on film? If the repair patch over the puncture is stuck on the wrong way round, we shall know soon enough by the bumpy ride. Is a bumpy ride in human relations quite so easy to define and is the remedy quite so simple as putting the patch on the right way round?

The year's biggest thrills recaptured in book

RACING

BY DOMINIC WIGAN

FOR ANYONE contemplating the problem of Christmas presents Stud and Stable has a new publication which could appeal to the racing enthusiast —Racing '78.

A pictorial review of the major races of the year edited by Monty Court, racing editor of the Sunday Mirror, the book aims at filling several gaps. Primarily at filling the space in the shelves of bookshops just before Christmas when there are cascades of annuals about other sports—but not one about racing. The book also sets out through extensive picture coverage, including photo-finish film strips, the most accurate picture of the important races of the year.

There are two forewords—one by Sir Noel Murless and the other by Sir Gordon Richards. Sir Noel writes: "I only wish a book like this had been published years ago because I would love to have been able to study in detail some of those great moments."

Sir Gordon comments along the same theme, saying: "If an annual like this had been published during my career it would certainly have sharpened up some of the detail of some truly superb moments."

Two of the many outstanding photographs, which I had not seen before, are the "double page spread" of Lester Piggott aboard Alleged as the pair forge their way in solitary splendour towards a second "Arc"; and the photograph of the Queen caught up in the excitement of the Derby finish as she urges on Shirley Heights, owned by her friend Lord Halifax and his son, Lord Irwin.

Although Racing '78 has the occasional error it seems to fill a vacuum, and it is to be hoped that it will prove a worthwhile proposition for its publishers in coming years. It is to be published on Thursday at £9.75 and is available from bookshops or direct from Stud and Stable, High Street, Ascot, Berkshire.

Fields have again cut up badly today and Huntingdon in particular has been badly hit. Here I hope to see Charlotson, who gave Kirov 7lbs and a 1½-length beating in the three-mile November Hurdle at Kempton six days ago, follow up with a win in the Massey Ferguson Farmers Hurdle; while half an hour later Vulabaloo looks to be the proverbial "good thing" for the Jim Holden Chase.

In a particularly disappointing turnout for the FA Standen Chase, from which Bachelor's Hall and Midnight Court have been withdrawn, Purdo need only stand up to account for Holly Hill and Lords.

HUNTINGDON

12.45—Crook of Devon
1.15—Go to Town
1.45—Charlotson**
2.15—Vulabaloo***
2.45—Purdo
3.15—Hot Tomato*

TV/Radio

† indicates programmes in black and white

BBC 1

9.38 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 How Do You Do? 2.14 For Schools, Colleges. 3.20 Pobol y Cwm 3.53 Regional News for England (except London). 3.55 Play School (as BBC2, 11.00 am). 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Screen Test. 5.05 John Craven's Newsround. 5.10 The Record Breakers.

5.40 News
5.55 Nationwide (London and South-East)
6.20 Nationwide
6.50 The Osmonds (London and South East)
7.20 James Burke's Connections
8.10 Dallas
9.00 News
9.25 Play For Today
10.45 Tonight
11.25 Roads to Conflict (The Palestinian Problem)
11.50 Weather/Regional News

All Regions as BBC1 except at the following times:

Wales — 10.00-10.20 am I Ysgolion. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.10 Pobol y Cwm. 7.40-8.10 It Ain't Half Hot Mum. 11.25 Dechrau Siarad. 11.50 News and weather for Wales.

Scotland—9.38-9.58 am For Schools. 5.55-6.20 Reporting Scotland. 6.30-7.20 Songs of Scotland. 10.45 Tuesday Night. 11.50 News and weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News 5.55-6.20 Scene Around Six. 6.50-7.20 Civic Concert by the Belfast Youth Orchestra. 11.50 News and weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.50-7.20 East (Norwich) Spot On! Midlands (Birmingham) Action! 78; North (Leeds) Lifelines; North East (Newcastle) Tuesday North; North West (Manchester) Sit Thi Deawn; South (Southampton) Cusden on Location; South West (Plymouth) Peninsula; West (Bristol) Day Out.

BBC 2

10.30 am Working For Safety
11.00 Play School (as BBC1, 3.55 pm)
2.30 The Engineers
3.00 Propaganda With Facts
3.30 The Living City
3.50 Open University
6.50 Empire Road
7.20 The Birds Fall Down
8.15 The Voyage of Charles Darwin
9.15 Wodehouse Playhouse
9.45 Man Alive: Perks—The Pinstripe Paycode
10.35 Floodlit Rugby League for the BBC2 Trophy
11.20 Late News
11.30 Rock Goes To College.

LONDON

9.30 am Schools Programmes 12.00 Chorlton and The Wheelies. 12.10 pm Stepping Stones 12.30 A Ripe Old Age. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 Raffles. 3.20 Heart to Heart 3.50 The Sullivans. 4.20 Get it Together. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News
6.00 Thames at 6
6.25 Help!
6.35 Crossroads
7.00 Botanic Man
7.30 Charlie's Angels
8.30 The Upchat Connection
9.00 Fallen Hero
10.00 News
10.30 Evening News British Film Awards 1978
11.30 Lou Grant
12.25 am Close: A painting by Picasso with music by Stravinsky

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 6.00 About Anglia. 7.00 The Rolf Harris Show. 11.30 Westside Medical. 12.25 am Chapter and Verse.

ATV

1.20 pm ATV Newsdesk. 3.55 The Electric Theatre Show. 5.15 Mr. and Mrs. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Fantasy Island. 11.30 Oscar Peterson Presents Count Basie. 12.00 Something Different.

BORDER

†1.20 pm Border News. 2.00 Houseparty. 5.15 University Challenge. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Fantasy Island. 11.30 Ski-ing with Gina. 12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 5.15 Mr. and Mrs. 6.00 Report at Six. 7.00 Treasure Hunt. 7.30 Fantasy Island. 10.28 Channel Late News. 11.30 Pro-Celebrity Snooker. 12.10 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Mr. and Mrs. 6.00 Grampian Today. 6.10 Laverne and Shirley. 7.30 Fantasy Island. 11.30 Power Without Glory. 12.25 am Reflections. 12.30 am Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 University Challenge. 7.30 Fantasy Island. 11.30 Dan August.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Botanic Man. 7.00 Three Little Words. 7.30 Fantasy Island. 11.30 Code R.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 10.30 Bywyd. 11.15 World in Action. 11.45-12.45 am Evening News British Film Awards.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 11.30 Late Call. 11.35 Pro-Celebrity Snooker.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day including Southsport. 7.00 Emmerdale Farm. 11.30 Southern News Extra. 11.40 Pro-Celebrity Snooker.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 The Brady Bunch. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Fantasy Island. 11.30 Emergency. 12.25 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.35 The Mary Tyler Moore Show. 7.00 Emmerdale Farm. 7.30 Fantasy Island. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Mr. and Mrs. 6.00 Westward Diary. 7.00 Treasure Hunt. 7.30 Fantasy Island. 10.28 Westward Late News. 11.30 Pro-Celebrity Snooker. 12.10 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 3.20 Calendar Tuesday. 5.15 You're Only Young Twice. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 Emergency.

BBC Radio New Wavelengths

1 1053kHz/285m, 1089kHz/275m
2 693kHz/433m, 909kHz/330m & 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.30-10.00 As Radio 2. 10.00 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 On the Third Beat (S). 7.30 Folk 78 presents Tom Paxton in concert (S). 8.02 Tuesday Night is Gala Night (S). 9.55 Sports Desk. 10.02 Variety Club. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Puccini (S). 10.00 BBC Scottish Symphony Orchestra (S). 11.30 Plainsong and the Rise of European Music (S). 12.05 pm BBC Welsh Symphony Orchestra, part 1: Mozart, Haydn (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 BBC Welsh SO, part 2: Tchaikovsky, Prokofiev (S). 2.00 Music at St. George's, Bristol by Haydn, Mendelssohn (S). 3.00 The Developing Voice (S). 3.15 Maurice Duruflé concert (S). 4.30 Master Cellists (S). 5.15 Jazz Today (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home: Music for Two pianos by Ravel, Lutoslawski (S). 7.00 "L'Africaine," by Meyerbeer, Acts 1 and 2 (S). 8.15 The Pursuit of Happiness. 8.40 "L'Africaine," Act 3 (S). 9.10 Horses Have Hoofs Not Helmets (talk by Norman Thomas di Giovanni). 9.35 "L'Africaine" Acts 4 and 5 (S). 11.00 The Prelude. 11.30 Holst on record (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty Minute Theatre. 11.30 Family Chat. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather: programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.10 Questions to the Prime Minister live from the House of Commons. 3.35 Vanity Fair (S). 4.30 Announcements. 4.35 Story Time. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather: programme news. 6.00 News. 6.30 The Peter Hudson Show (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 A Farthing for a Butterfly: Whistler's libel action against Ruskin. 8.45 The Quiet Epidemic: Examination of dementia. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 You've Got to be Joking says Cardew Robinson. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 Question Time from the House of Commons. From 1.05 As Radio 2.

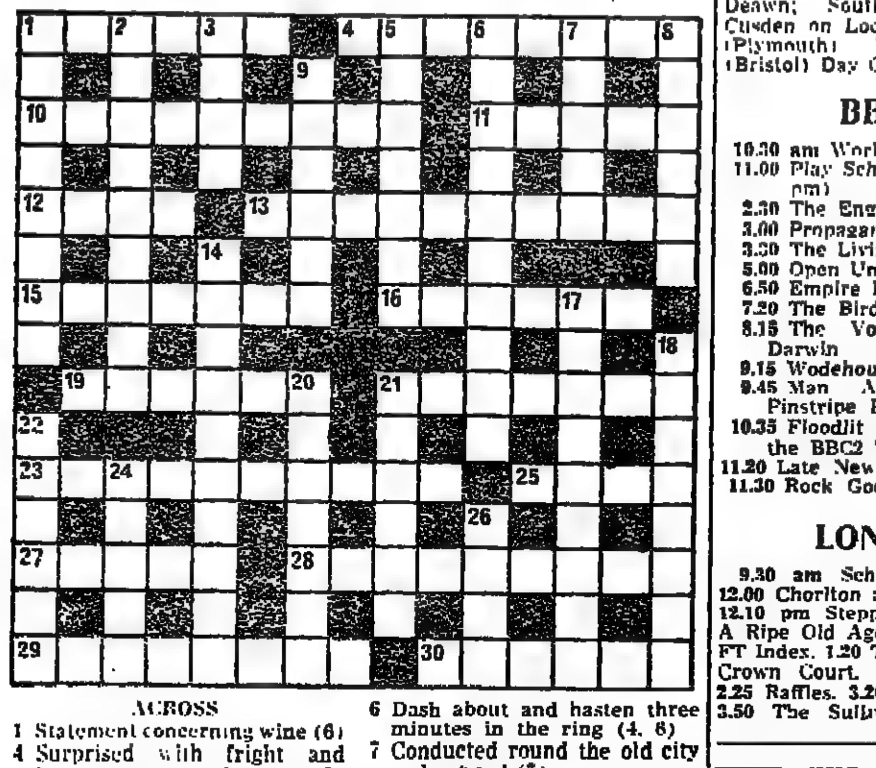
London Broadcasting

5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It with Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,834



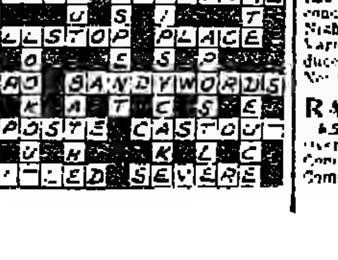
ACROSS

1 Statement concerning wine (6)
4 Surprised with fright and began to accept direction (8)
10 Urge a team to postpone (4, 5)
11 A good man with spirit may play without skill (5)
12 Warrant Officer with party returning from trees (4)
13 Affect with pity and leave, but it's a narrow escape (5, 3, 2)
15 Go first using metal no longer available (4, 3)
16 Oriental travelled with democratic leader and ate away (6)
19 Rely upon some French to be uncertain (6)
21 Bookish person admits Pole could be hanging (7)
23 Penniless as a boxer may be (4-3-3)
25 Present soldier with this paper (4)
27 Part of flower from friend from the south-east (5)
28 Sporting type makes insect hesitate (9)
29 Is appearing in display in garden (8)
30 Frank is able and acted (6)

DOWN

1 Acrobatic feat in spinning-shed? (4-4)
2 Father's to tax clergyman's office (9)
3 Bring up soldiers with more soldiers coming up (4)
5 Airman left in tree is in a sticky mess (7)
6 Dash about and hasten three minutes in the ring (4, 6)
7 Conducted round the old city and enticed (5)
8 Fruit for mother and child (6)
9 Warning to unload (3-3)
14 Bird followed like a wooden joint (10)
17 Came up before I consumed start of diet, but it's wasted (9)
18 Well-built it's said round old city (8)
20 Takes away some French channels (7)
21 Police leader has to pull in and connect to the mains (4, 2)
22 Tot to drink? It makes sense! (4, 2)
24 Remover of raindrops could be drier (5)
26 Bird descending and birds rising (4)

Solution to Puzzle No. 3,833



ENTERTAINMENT GUIDE

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CINEMAS

FINANCIAL TIMES SURVEY

Tuesday November 28 1978

Swiss Capital Market

To countries with weak currencies the problems of the Swiss authorities in dealing with their bounding franc must at times be a source of rueful reflection. But the damage to export industries of an excessively strong currency can be considerable, and is one of the reasons for Switzerland's current corrective measures.

Shifts in strategy checks rising franc

By Nicholas Colchester

ALTHOUGH ACCOMPANIED by less fanfare, the shift on October 1 last in the Swiss National Bank's strategy to fight the rise in the Swiss franc was, on a Swiss scale, a more remarkable development than President Carter's package to help the dollar a month later. After years of rationing the availability of the Swiss franc to foreigners the central bank moved to give them more of the francs they wanted. If rationing had merely encouraged their interest, the argument went, perhaps conspicuous largesse would deter them. The central bank confirms that "the trend is now towards deregulation."

The largesse came chiefly in the form of intervention on an unprecedented scale, with the money supply no object, but also in the rejection of still tougher foreign exchange controls and in some small relaxations in the formidable array of barriers to currency inflows erected by the Swiss authorities over the previous six years. In the first three days of October the National Bank bought dollars to the tune of SwFr 3 bn, equal to about 6 per cent of Switzerland's narrowly defined money supply. The total for the month was twice that figure.

At the same time the central bank effectively washed its hands of the dollar-franc exchange rate and publicly focused its attention on the D-mark. In laying a floor of SwFr 0.80 to the D-mark the National Bank wedded the Swiss franc to the snake—or left at least a strong impression of engagement.

Two months later the Swiss authorities can show satisfaction at the result of this piece of monetary judo and of the concerted efforts towards monetary stability of which it formed part. The trade-weighted appreciation of the Swiss franc since December 1971 is now only 100 per cent whereas in September it was standing at one stage at 138 per cent. The franc has fallen by 15 per cent since its peak against the dollar and by 16 per cent against the equivalent rate for the D-mark.

The measures to topple the franc have meant the temporary abandonment of the philosophy of controlled growth in the money supply. The year-on-year average growth of Swiss M1 in 1978 will be about 15 per cent, which compares with a target at the beginning of the year of 5 per cent. The spokesman for the National Bank explains delicately: "We are still convinced of the value of a medium-term target, but perhaps we are making more use of short-term flexibility than was originally envisaged."

In the background to this overt shift towards monetary expansion lay stagnating economic growth, the spectre of non-exportable unemployment, the anger of the tourist trade and of smaller Swiss companies at the unrealistic level of the franc and, paradoxically, the continuing strength of Switzerland's current account.

The current account surplus this year will be of the order of SwFr 8bn, which is only a little less than last year's figure and the record of SwFr 8.4bn established in 1976. Indeed the deficit in trade (covered by big interest earnings) will be smaller this year than last. The National Bank explains that its past measures to stem the rise of the franc have been holding actions to give Swiss industry time to adjust. This adjustment has been remarkable, but not as remarkable as the rest of the world's readiness to adjust to Swiss prices.

Economic growth will be between 1.5 and 2 per cent this year and projections for 1979 indicate a slowdown to about 1 per cent. In these circumstances a spurt of growth in the money supply seems justifiable to bank economists. Dr. Hans Mast, the chief economist at Credit Suisse, adds that the political constraints on the Berne Government mean that fiscal policies in Switzerland are still essentially deflationary.

Earlier this year, when it had already become clear that the Swiss money supply was going to run well ahead of target, Fritz Leutwiler, president of the National Bank, complained that no-one was drawing the obvious conclusions for the value of the Swiss franc, despite the widespread sensitivity among dollar-watchers to small variations in the U.S. money supply.

Now that the money supply message appears to be sinking in, it becomes valid to ask whether the bulge in money stock will have later inflationary consequences that monetarists would predict. If this addition to the money stock threatens to fuel an inflationary surge within the Swiss economy it can swiftly be neutralised by National Bank sales of foreign currency. The Bank's reserves, if gold is valued at market price, are now equivalent to one third of Switzerland's Gross National Product.

The National Bank's other monetary tool is to use changes in the reserve requirements to regulate market liquidity. It is also starting to develop the basis of a Swiss money market—a market in negotiable short-term instruments—where none has existed before. This will allow the National Bank to add open-market operations to its armoury, where currently reserve requirements and foreign exchange intervention are its only weapons.

The introduction of these short-term instruments is complicated by the existing tax regulations. It seems as though the first step towards a proper Swiss money market will be a restricted affair involving trading of securities of large denomination between the big banks.

One notable aspect of the Swiss capital markets at the moment is domestic criticism of Switzerland's international banking business. Since the Chiasso scandal the banks have been very much on the defensive and the latest charge they must refute is a widespread notion that it is partly because of secret asset management and of the international influence of the big Swiss banks that the franc is overvalued. This charge, and the international activities of the Swiss banks, are reviewed in another article. One key riposte is the banks' function in bringing to the Swiss market international borrowers who, by borrowing Swiss francs and then converting out of them, depress the value of the franc.

Predictably, the combination of demand for Swiss franc investments, a slack internal economy, high domestic savings, and persistent intervention have brought Swiss interest rates down sharply. Where a prime foreign borrower would have paid 7½ per cent in 1975 and 5 per cent in 1977, he will now pay around 3½ per cent for long-term Swiss francs. Foreign demand for Swiss franc credits has expanded strongly since 1974 despite the currency risk. The total of bank loans, medium-term private placements and long-term public bonds went from SwFr 5.7bn in 1974 to SwFr 19bn in 1976 before dropping a little to SwFr 18.8bn last year.

The figures for the first nine months of this year show continued strong demand totalling SwFr 16.5bn with all types of credit showing an increase over the corresponding figures for 1977. The problem is that these are gross figures: the National Bank is keeping the net figures, which take redemptions into account, up its sleeve. Nor does it publish figures for capital inflows.

The recent sharp rise of the Swiss franc burned foreign borrowers badly and led to a tendency to redeem early. This tended to boost the franc further. It was to combat this destabilising legacy of capital exports that the National bank banned early redemption in private placements from last November onwards.

National Bank officials now say that new borrowing and redemptions are roughly cancelling one another out. The big banks say that borrowers are hard to find and that the quality of borrower which they are willing to bring to the market is deteriorating. In particular they note that multinational treasurers have become distinctly wary of those cheap Swiss loans that prove so phenomenally expensive to repay. They are anxious to get the message across that the rocket-like ascent of the franc is now over and that the moment to borrow Swiss francs has arrived.

For its own part, the National Bank has recently given some small fillips to the capital export business. First, it recently allowed foreigners to subscribe for 50 per cent—up from 35 per cent—of foreign bonds, private placements and loans. This would appear at first sight totally to contradict the aim of exporting capital; the explanation given is that the move is in line with the new spirit of de-regulation, with the desire to keep Swiss interest rates unattractive to investors, and, most plausibly, that banks were finding it rather hard to sell 65 per cent of some of the more recent foreign issues to the home market.

The National Bank also modified a requirement that foreign borrowers had to convert all their borrowings immediately into dollars at the National Bank. This was intended to

CONTINUED ON NEXT PAGE

Export industries and the problem of a strong currency

A GROUP of demonstrators from the Swiss watch industry trudged through the prosperous streets of Berne this month calling for a "two-franc dollar." At that time the dollar was fetching about SwFr 1.65, as against SwFr 2.20 a year ago.

The somewhat incongruous episode sheds a good deal of light upon the causes and implications of the almost explosive appreciation of the franc during much of this year. For a start, it is the watch industry, with an export share great even by Swiss standards, which has felt the deleterious consequences especially severely.

Yet three years ago, with the dollar at SwFr 2.60, many people were ready to write off the watch makers. In the end they showed more adaptability than expected, and it remains to be seen whether they really are at the end of their tether.

Another interesting aspect of the little demonstration was that the trade unions looked upon it benevolently, though it was mainly an employers' show. Social consensus in Switzerland covers questions of employment, but it emphatically covers wages as well. By holding back with their demands, the trade unions have helped to keep industrial costs stable, thereby helping exports, and strengthening the franc in an inflationary world.

Hamstring

It is a virtuous circle that is now threatening to become a vicious one if the excessive strength of the franc should really hamstring Swiss exporters. The authorities are certainly afraid that it may. They are ready to take stimulatory measures next year if industrial activity should slow down severely as a result of a collapse of exports and the competition of imports made cheap in terms of Swiss francs.

What the watchmakers' demonstration cannot illustrate is the dilemma that Swiss policy is in. Inflation is considered Public Enemy No. 1, and has been controlled with remarkable success. The cost of living is advancing at a rate of less than half a per cent annually. That could change if the franc is brought down from its height, simply because a high franc means cheaper imports. But besides the Swiss National Bank has also launched a massive offensive in the foreign exchange markets, intervening against its own currency. In the long run the effect of running up the reserves and money supply could be inflationary.

Berne always has believed in a dirty float, but the intention now, if necessary, is to make it positively filthy. Since the beginning of October a marked measure of success has been achieved. The rate against the Deutsche Mark, which is crucial to the Swiss, was as low as SwFr 0.75 in September. In October Berne set itself an immediate target of SwFr 0.80 which was soon hit, and the franc has further depreciated since. Towards the end of November speculative positions were being unwound, though the "two dollar franc" was still far out of sight.

Between the beginning of October and the end of the first week of November, the Swiss National Bank added SwFr 3.4bn to its foreign currency reserves. That is only a rough guide to the scale of intervention, since additional foreign exchange was probably disposed of to the Swiss commercial banks.

Since the beginning of November at the latest, the National Bank has of course had allies, as central banks elsewhere—principally in the US and in West Germany—decided to support the dollar. Indirectly that must help to keep down or even bring down the franc. But in the long run, intervention alone has never yet been successful.

The second weapon of the Swiss National Bank is to keep down interest rates, in which policy it is supported by sluggish growth and by the high savings quota. Switzerland is traditionally a low interest country.

The effect upon yields of the National Bank policy, combined with the high Swiss savings quota, is patently obvious. The Swiss Government can get money from the public at 3½ per cent, and even foreign borrowers get by with something around 4 per cent. But to them, of course, the low nominal yields have been a bit of an illusion since the rise of the franc drove up service and repayment costs in their own currencies. From the point of view of the Swiss lender, interest rates as low as these make sense only as long as inflation rates remain low (and, with them, the danger of a rising exchange rate high).

The Swiss have been placed in this position by their very natural desire to reconcile the interests of their manufacturers and of their tourist industry on the one hand with those of their financial institutions on the other. That brings us to a point where one is unfortunately forced to resort to guesswork, because the statistical evidence is either incomplete or non-existent.

SWISS EXTERNAL PAYMENTS
(1977—SFr m)

Visible trade	−2.295
Power supply	+415
Tourism	+2.740
Dividends and interest	+6.030
Private insurance	+443
Other current	+935
Total current	+8.720
Foreign assets of banks	+8.930*

* Including centrally held reserves.

Swiss exporters, smarting under the effects of revaluation, have often accused the financiers of being to blame by taking in from abroad money in search either of a political or a non-inflationary haven, or both. Since Switzerland does not publish figures for international flows of capital, the case cannot be proved either way. True, a rising barrier has been erected against inflows, the latest measures being those taken early this year. But true, too, loophole after loophole has been found.

For instance, though there is a limit on how many banknotes you may take into Switzerland in any year, controls at the border are not exactly stringent. Once in, there is nothing to stop such money being used to buy life insurance for example (though Swiss assurance companies no longer write life business in francs at offices outside the country).

In the absence of statistics it is idle to try to guess how large such capital imports are, and hence what their effect is on the exchange rate. As a crutch one can take the current account surplus, which last year was SwFr 8.2bn, and deduct it from the increase of foreign assets held by the entire banking system, which came to SwFr 8.93bn. The result is a net capital inflow of SwFr 730m, but the figure has to be treated with great reserve.

Solvent

The bankers actually have a good case against the exporters' complaints. In the first place it is capital revenues, the interest and dividends received from Swiss investments abroad, that keep the country solvent despite a traditional deficit on visible trade. There also is a principle involved: a country tied in as closely with the world economy as Switzerland is can ill afford all but the most essential restrictions. In addition the banks have gone out of their way to help exporters by granting them facilities to hedge their foreign exchange risk at a preferential rate. That, of course, is no help against the high exchange rate already reached, but offers protection against a further rise.

This facility, originally restricted to especially vulnerable industries such as watches and footwear, is to be extended to others. The National Bank has offered its co-operation, which must mean that it is ready to foot part of the bill. It is also ready to co-operate in devising a system enabling exporters and hotels to be given a firm undertaking that prospective foreign exchange earnings can be hedged at a firm rate once they should materialise. At present only actual revenue can be secured in this manner.

None of this, of course, can really be more than a palliative. So far there is no conclusive evidence that more will be required. The case of the watch industry can serve as an example. In the first six months of this year its exports were less in volume than in January-June, 1977, but in value they were actually 6 per cent higher. That very clearly shows that the Swiss had coped with the buoyancy of their franc by moving their exports up-market.

But clearly there is a limit to what can be done in that direction. The demonstrators in Berne, believed it had been reached. So do some other traditionally strong exporters. Third quarter export orders for Swiss machines were 22 per cent below those of April-June. Even the makers of textile machinery, a particularly strong point of the Swiss, are complaining that orders are falling off.

So far exports overall are still rising in franc terms and there has been no visible increase of unemployment. The unemployment ratio is 0.3 per cent only. But one must add that some 300,000 jobs have been lost in the past four years—two-thirds of them foreigners who have gone home, the rest to a great extent women and part-timers who have given up looking for work after the end of a boom.

The fact remains that the trend towards higher quality exports but lower volume could lead to the disappearance of more jobs in the secondary sector. The process by which, for instance, the chemical and footwear industries have been transferring production abroad points in the same direction. Severe regional problems could arise in the Jura, where watchmaking is heavily concentrated.

Quite recently important Swiss concerns have taken evasive action by entering into joint ventures in countries with more modest exchange rates—and more modest wages. The two leading watchmakers have gone to Asia—one to Hong Kong, the other to Singapore. If their ventures go well it will add to the country's dividend revenues, but not of course to industrial employment.

The leading electrical concern, Brown Boveri, which for a very long time has done a great deal of its manufacturing outside Switzerland, announced this month that it had entered into a joint venture in South Korea for the construction of power stations.

These are events that fit into a well-established pattern, by which the Swiss keep on moving their own domestic production for export further up market into areas where price is of less importance than quality, where novelty has appeal, and where delivery is from factories where strikes are all but unknown.

Concern

It is here that they come up especially against competition from the Germans, who have the same problems—and the same remedies—if not quite so pronouncedly. The fact that Swiss and German technology have much in common, and the fact that more than 15 per cent of Swiss exports go to Germany explains why the Swiss franc/D-mark exchange rate is of most immediate concern to Berne.

It is notable that Swiss exports to Germany this year have continued to grow both in volume and in value. The exchange rate, however, for much of 1978 shifted against Swiss exporters to an extent not justified by the relative movements of industrial costs either side of the Swiss-German border. Even the recent retreat of the Swiss franc has probably not compensated for that.

Yet it would be wise not to write off Swiss exporters just yet. The high exchange rate is not an unmitigated disaster. The Swiss are great importers of raw materials and of semi-manufactures. The imported element in goods exported escapes the effects of revaluation.

In addition, Swiss exporters have been helped by the virtuous circle of low inflation, low wage increases of some 1½ per cent a year, and low interest rates, to which one must add shaved profits. The index of export prices rose from 100 in 1970 to 131.5 in 1977, to which the customer had to add some 40 per cent for the appreciation of the franc. An increase of 70 per cent in seven years makes the Swiss look less miraculous than their domestic price indices—but it does not look like the road to disaster either.

Finally, there is reason to suppose that at the moment the franc is over its best, meaning its worst for exporters. This year's current account surplus will be marginally below last year's; that in 1979 should be a good deal less—unless the Swiss worries are unjustified. In addition President Carter's defence of the dollar, and the international support it is receiving, should help to tame the franc. This, in other words, could be the time for foreigners to borrow francs, with the certainty of low interest rates and even the possibility of a gain from the exchange rate.

W. L. Luetkens

Strategy

CONTINUED FROM PREVIOUS PAGE

give the central bank ammunition for intervention without any net addition to the money supply. The current position is that borrowers must convert half their borrowings into dollars with the National Bank but can swop the rest into any other currency with the banking system. This has made it marginally more attractive for, say, German borrowers to come to the Swiss market.

The Swiss authorities are also taking other and quite novel steps to help Swiss industry live with an overvalued franc. The National Bank is toying with a scheme which will provide Swiss multinationals with partial compensation for any losses they incur through keeping a portion of their assets in foreign currencies. It has taken rather firmer steps to provide exporters, or the Swiss tourist trade, with more satisfactory coverage in the forward exchange market. The essence of the new system is that exporters will be able to cover their estimated inflow of foreign exchange with confidence in the forward market because the National Bank will, for a fee, provide them with the necessary currency to meet the forward contracts should the actual revenues fall short.

The key question for the Swiss capital market is the future of the franc in the wake of these measures. The graph showing the step-like rise of the franc over the past seven years confirms that the current dip in the franc's value is following a classic pattern — an "overshoot" in the franc's value is corrected and is then followed by a period of relative stability which in turn is followed by a period of accelerating self-reinforcing gain.

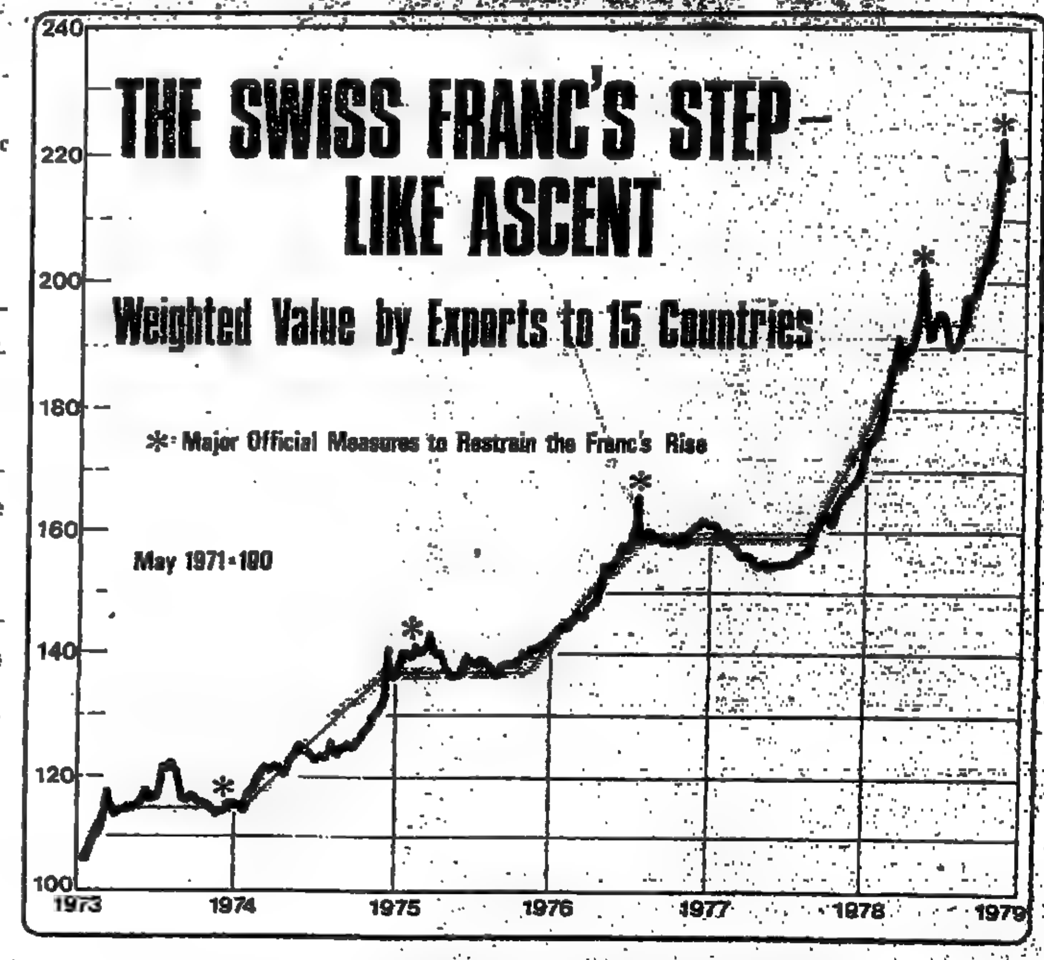
It can scarcely be hoped that the franc will now become a weak currency. A move to the necessary rate of inflation is politically unthinkable and the country has a vast stock of reserves to spend, and accumulated currency barricades to dismantle, before such a development could become possible. The balance of payment on current account remains too healthy and there is no prospect of it evaporating while the interest payments on all those capital exports continue. They account for three-quarters of the current surplus and dwarf the more problematic contribution of goods and services.

The best that can be hoped for is that the central bank's new policy will counter the psychological factors which have driven the franc to such an excessive level. Switzerland has removed some of the franc's rarity value and has focused albeit in rather vague quantitative terms, on the D-mark while this, in turn, is intent on becoming part of an enlarged snake. So there is a fair chance that the Swiss franc will now become a more normal "strong currency" — available at an attractively low rate of interest.

Measures to hinder speculation against the Swiss franc

MEASURES TO PREVENT INFLOWS OF FOREIGN CURRENCY

MEASURE	DATE	AIM
Foreign accounts and fiduciary accounts can earn no interest beyond their totals on 31.10.74. This total can be raised once per family by a maximum of SwFr 20,000 in the case of savings and deposit accounts.	Continually from 4.7.72 with a one-month break in late 1974.	To discourage foreign Swiss franc accounts.
Interest bearing totals on foreign accounts of more than SwFr 1m reduced by 20 per cent. Maximum allowed free of negative interest lowered to SwFr 5m.	From 1.4.78.	To add further discouragement.
Negative interest on foreign SwFr accounts for all funds added after dates given, with certain allowances.	2 per cent per quarter from 4.7.72 to 1.10.73; 3 per cent per quarter from 20.11.74 to 22.1.75. Since then 10 per cent per quarter.	Positive incentive to reduce SwFr holdings.
Rules apply to foreign central *banks.*	From 1.3.78.	To counter the trend towards *reserve diversification.*
Ban on fiduciary accounts in SwFr. No additions allowed after 31.7.71.	Unaltered since 4.7.72.	
Ban on investment by foreigners in Swiss securities.	From 26.6.72 to 30.1.74. Then in toughened form from 27.2.78—any sale of Swiss securities meant immediate conversion of proceeds into foreign currency	
Some flexibility introduced. Proceeds of sale can be invested in negative interest free account and later reinvested in Swiss securities.	1.10.78.	To avoid effective freeze on security switching.
Swiss companies must get permission to borrow money abroad for amounts above SwFr 50,000 or SwFr 1m in foreign currency.	Since 5.7.72.	To prevent desertion of Swiss capital market by Swiss companies for currency reasons.
Ban on imports of more than SwFr 20,000 in foreign banknotes per person per quarter.	From 21.4.76 to 21.4.77 and then in toughened form from 27.2.78.	To hinder "flight of capital" particularly from Italy and France.
50,000 lira and 100,000 lira notes and lira cheques payable in Italy no longer accepted by Swiss banks.	Gentleman's agreement from 1.5.76 to 1.12.76.	To help make Italian exchange control a little more watertight.
Reduction of sales of forward francs to foreigners.	From 28.2.73 permitted volume 70 per cent of level at 31.10.74. On 28.10.75 reduction to 60 per cent. On 8.6.76 reduction to 50 per cent for contracts up to 10 days. On 26.9.77 a further reduction on short-term contracts, which was then lifted on 24.2.78.	To plug a way round the ban on interest payments.
Daily balancing of each bank's overall foreign currency position. Daily balancing of positions in each currency.	From 5.7.72 to 16.10.72. From 29.1.73 to 1.10.73. From 1.4.75 to 27.2.78.	To prevent bank speculative positions contributing to currency unrest, and in the interests of safe banking.
Back to overall balancing.	From 27.2.78.	To give the banks a little more flexibility.
Instructions to bank subsidiaries to avoid transactions with a speculative feel	Gentleman's agreement from 15.6.76 onwards.	Another attempt to reduce speculation in favour of the franc.



MEASURES TO PROMOTE CAPITAL EXPORTS

MEASURE	DATE	AIM
General promotion of capital exports.	Since 1972 the rules on placing borrowing for foreigners have been constantly altered to allow as great as possible foreign borrowing as is consistent with a viable domestic capital market. From 2.10.78 50 per cent of credits to foreigners can be placed with foreigners.	To encourage downward pressure on the franc.
Private placements for foreigners must have fixed maturity.	From 2.10.78.	To prevent early redemptions causing upward pressure on franc.
Mandatory immediate conversion of Swiss franc borrowings by foreigners into foreign currency.	Between 15.8.71 and 14.2.72 conversion at Swiss banks, thereafter a proportion with central bank. Since 19.12.74 total conversion with the central bank.	To give the central bank ammunition for intervention without a net increase in money supply.
	On 2.10.78 proportion dropped to one half.	To restore some demand for foreign currencies to the banks.
Banks must report capital repayments by foreign borrowers.	Since 3.3.75.	To improve insight into capital flows.

MEASURES TO RAISE THE "TRANSPARENCY" OF THE FOREIGN CURRENCY MARKET

MEASURE	DATE	AIM
Banks must report foreign currency positions, both spot and forward, monthly and, for big banks, weekly.	28.1.76	To give the authorities a better insight into the banks' activities in the forex market.
Daily reporting of foreign exchange turnover in excess of SwFr 15m per day	Since 8.9.76	To give the authorities a better insight into the banks' activities in the forex market.
Reporting of individual spot and forward transactions of more than $5m, with possibility that National Bank will become involved.	"Voluntarily" since 20.3.75 and extended to Swiss multinational companies.	To prevent currency fluctuations due to large transactions.
Swiss multinationals to indicate expected capital flows over next month and to report once a year on the amount of foreign currency that could be repatriated.	Gentleman's agreement between 1.4.76 and March 78.	Designed to give insight into currency flows but did not work.

هكذا من الأصل

Share trading slack after prices setback

AFTER HAVING reached a peak level of activity last year, it seems certain that equity trading in Switzerland will have fallen back in 1978. The Zurich and Basle stock exchanges both report a drop in turnover for the first nine months of this year; total bargains also declined in Geneva.

This check to the upward trend in dealings is a result of the setback to share prices at the end of February. To a much greater extent than bonds, equities suffered from the restrictions on non-resident purchases of domestic Swiss-franc securities. Before the ruling the share index had been running at its highest level since autumn 1973. On the "Black Tuesday" following the new measures they slipped by anything up to 10 per cent in the biggest selling wave since the oil crisis.

Although prices partially recovered soon afterwards, they are today still below those at the start of the year—not to speak of the record prices of the boom year 1972. The beginning of this month saw something of an improvement. It is true, but it remains to be seen whether optimistic claims that the index is heading for a 1978 high will prove justified.

It is extremely difficult just now to assess the future for Swiss equities, since so many conflicting influences continue to work on the market.

On the one hand the non-residents' investment ban has been slightly eased in that foreign recipients of the proceeds from the sale or redemption of domestic securities are now permitted to re-invest these as they wish. In addition the latest national and international monetary programmes make the stabilisation of the highly overvalued Swiss franc a more likely proposition, a development which would accord at least some relief to the country's business sector.

Scarce

There is, moreover, an enormous amount of liquidity in Switzerland itself looking for a home—and not finding much of a one in the long-term, fixed-interest sector, where paper is scarce.

Share yields are today worth looking at, particularly in the case of companies whose share price has fallen substantially. This is true of both the lowest bond coupons for almost a generation (3 per cent for first-class domestic issues) and an inflation rate which has today fallen to only 0.4 per cent annually.

The current state of the economy, however, is such that there is no rush to acquire the equity of companies whose overall results this year will definitely turn out to be poorer than for 1977. Foreign investors, who could otherwise have been buying Swiss stock in the hope of exchange rate gains, have been virtually expelled from the market. Domestic investors, who showed a marked reluctance to pick up such Swiss equities as were sold by non-residents after the ban, are feeling rather unhappy in view of a rash of interim reports and letters to shareholders from major undertakings predicting a dusty 1978 and perhaps an even dustier 1979.

The main trouble with Swiss business today is of course the appreciation of the Swiss franc. Shareholders are fully aware of this, and many of them are waiting to see how the D-mark and dollar keep up against the national currency before extending their portfolios in risk securities. The October 1 measures were not sufficient to bring about a real recovery here. Meanwhile, forecasts for the economy as a whole and for individual industries in particular are on the gloomy side. Few companies will be able to raise their dividends this year and many will have to consider reducing them.

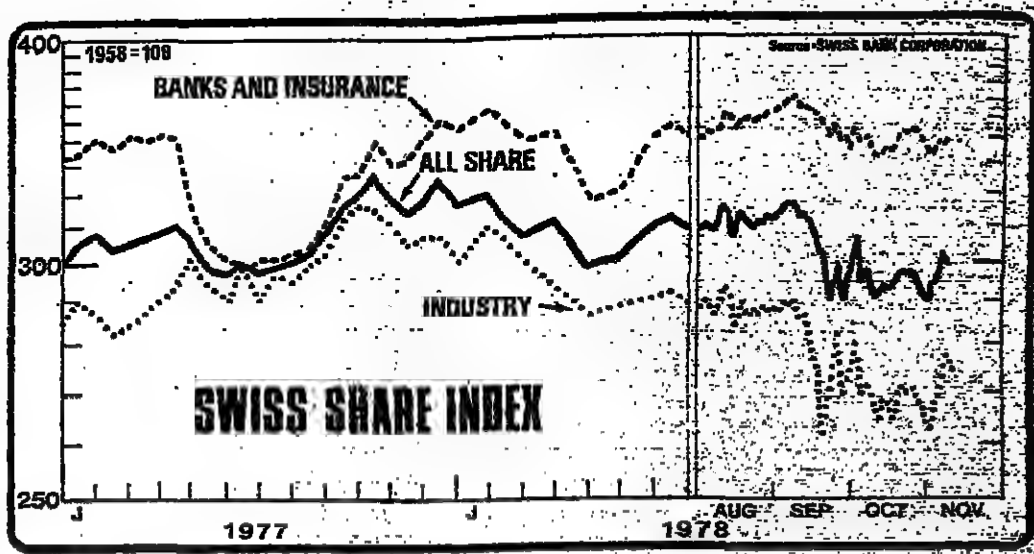
In the immediate future the share market should hold its own though. Trade-weighted appreciation of the franc is well down on the September record highs and there is at least some hope that a new take-off of the exchange rate is not imminent. Moreover, the overall level of interest rates has been falling fast and is likely to remain very low; inflation, indeed, may even drop to zero, making any yield into a real terms interest rate. However, no real upswing is expected in the immediate future and a stronger D-mark might make German stock more attractive.

But if foreign investors are kept off the Swiss equity market, foreign companies continue to turn up with new stock listings on Zurich and other bourses. At the end of the third quarter of this year a total of 155 foreign shares were quoted in Zurich—nearly as many as the 167 domestic listings. During the seventies there has been a much sharper increase in foreign quotations than in those of Swiss undertakings; as recently as 1970 no more than 91 outside companies had listings in Zurich, for example. A short while ago Sears Roebuck and Sun Company introduced their common stock to major Swiss stock exchanges, while another U.S. company, the pharmaceutical manufacturer Pfizer, will list shares there as from early next month.

Some time ago there was talk of "internationalising" the stockbroking business in Basle, possibly by the admission to the trading ring of representatives of banks from frontier regions of neighbouring France and Germany. Nothing has yet happened in this sector, however.

However, banks with a stockbroking department do include a number of local operations of foreign banks. A British stake here is the Handelsbank NW, a Zurich bank affiliated to National Westminster. Alsatian banks, working through Zurich and Basle branches, also have seats on the trading ring. Numerous foreign banks and securities dealers are of course licensed as over-the-counter traders on Swiss bourses.

John Wicks
Zurich Correspondent



Investment funds revive

SINCE FEBRUARY of this year it has been much harder for non-residents to invest in Swiss securities. The measures then passed to dampen the exchange rate by banning foreign purchases of domestic securities and limiting those of non-residents' Swiss-franc bonds turned a great deal of outside custom away from the market. One of the exceptions to the restrictions, however, concerned Swiss investment funds with at least 80 per cent of their assets outside Switzerland.

In addition insofar as at least 80 per cent of fund earnings come from abroad—which is generally the case with such funds—dividend payments to foreigners are freed from Swiss withholding tax of 35 per cent.

The total number of Swiss investment funds, which has remained virtually unchanged for the past four years, was 118 on June 30 last, of which 42 operate solely in Switzerland. Almost all the rest—70 out of the securities and property funds with part or all of their activities outside the country—are open to foreign investors by virtue of the 80 per cent rule.

The funds have seen something of a revival of investor interest over the past year. After the number of certificates in circulation had dropped pretty steadily from some 143m in boom year 1973 to 140.5m in 1976, there was a continuous rise from mid-1977 to mid-1978 and the circulation of over 151m on June 30 was substantially higher than the previous record.

The large-scale redemption of fund certificates by holders which began in autumn 1973 in connection with the upswing in the Swiss franc exchange rate have thus now been checked—even though the currency itself has continued to appreciate, at least until very recently. Currency losses, though partially offset by better local conditions on various foreign markets, have been noticeable and many funds have had to cut their dividends. But foreign investors being paid even a reduced Swiss franc dividend have as often as not received a larger sum than the previous year in terms of their own currency, a positive effect of the monetary development. Since a major part of total certificates circulation is, in the case of the 80 per cent funds, in foreign hands, the performance in real terms of most has been more favourable than would initially appear from annual reports.

At mid-year total assets of Swiss investment funds amounted to SFr 14.21bn — a per capita sum of about SFr 2,200, or one of the highest in the world. This overall figure is about the same as recorded three years ago, whereby even near-stagnation may be considered good going in view of the enormous rise in the Swiss franc. Within the overall total, the proportion accounted for by funds active partially or wholly abroad has fallen slightly over the years to about SFr 8.83bn for this reason, with a much more marked decline in the holdings of funds operating solely outside Switzerland. As is hardly surprising, there has been a substantial increase of Swiss franc paper in the portfolios of securities funds.

It remains to be seen when and if the asset total can return to the record SFr 16.8bn booked in September 1973. A continuation of the very strong Swiss franc rate will keep certificates popular with investors but also bring new pressures to bear on the profitability of foreign investments. No really major boom seems imminent on world stock markets to give a corresponding boost to earnings in local currencies, and the once highly expansive property sector, at least in Switzerland itself, has for years been very quiet.

Promoted

As far as domestic participation is concerned, demand is being promoted by a shortage of other investment possibilities at a time when liquidity, particularly among the institutions, is high. Yields are good — latest figures published this summer in Berne point to an average 5.4 per cent plus at the end of 1977 —and look even better when compared with an inflation rate of 0.4 per cent a year and a coupon on new first-class domestic bonds of 3 per cent. Property funds, though showing rather lower yields, have been benefiting from this and returned to favour after years of semi-obscurity during last year.

Individual investment plans have never become popular in Switzerland with the public, even though the banks — which dominate the Swiss investment fund sector — and the insurance companies tried very hard to make them so a few years ago. Fund managers continue to feel that the small man would do better for himself, with an averaging yield of an investment scheme than by buying shares after the optimum time.

What are proving very popular, however, are the so-called investment foundations run on behalf of employee welfare organisations. There are now seven of these in operation, all of which have Swiss and foreign bonds and shares in their portfolios: four also invest in Swiss property and three in Swiss mortgages. Over the 12-month period March 31, 1977 to March 31, 1978 alone total holdings of these foundations jumped by nearly two-thirds, from SwFr 1.47bn to SwFr 2.4bn, while the number of member pension funds rose sharply from 3,320 to 4,619. This particularly Swiss phenomenon mirrors the great importance to the capital market of corporate pension fund organisations.

Despite question marks over monetary and capital market developments, the future of the Swiss investment fund business seems to be assured. Investor interest has been growing steadily after the post-1973 decline, the Swiss franc has become rather more stable—though still strong enough to attract foreign custom—and domestic demand for investments with high real interest rates is certain to continue for some considerable time. A further positive factor viewed very favourably by the funds and their parent banks is the astonishing growth of the investment foundations.

John Wicks

America's Citibank is a leading member of the international banking community in Switzerland

Swiss banks in international credit markets

ALTHOUGH SWITZERLAND has counted itself an important international banking centre and exporter of capital since the 18th century, it is in the last 20 years that it has really emerged as a big wheel in international finance. Since 1960 the balance sheet totals of all Swiss banks grew sixfold to SwFr 370m but in the same period their foreign assets rose by 16 times to SwFr 125bn of which SwFr 87.3bn were denominated in currencies other than the franc. It is thanks to the funds that are funnelled into and out of Switzerland that the Swiss banks' balance sheet total is SwFr 58,000 per head of population, more than twice the sum of the world's next most banking-oriented country, West Germany.

In turnover terms the largest international activity of the Swiss banks lies in their involvement in the vast Euro-franc market, the third largest Euromarket after those for the dollar and the D-mark, and fully two-thirds the size of the dollar version. At the end of last year the Swiss banks' liabilities to foreign banks totalled SwFr 51bn equal to 53 per cent of their total foreign liabilities. In other words about 70 per cent of the inter-bank business of the Swiss banks takes place in the Euro-franc market. This underlines the fact that the Swiss money market is outside Switzerland—a development which no amount of persuasion by the Central Bank has been able to prevent.

In addition, the balance sheet totals of the Swiss banks lies their fiduciary business which has grown from some SwFr 5bn in the middle '60s to a total today of over SwFr 55bn. Fiduciary business involves a Swiss bank making investments and accepting deposits in its own name but, by contractual agreement, at the risk of the depositor. The depositor can give the bank some investment guidelines and he pays the bank a fee; he accepts all gains or losses on the resulting investment.

Overlapping and complementing the fiduciary business is the large and diffuse business of asset management which the Swiss banks, and particularly the private banks, do as part of the Swiss "universal bank" approach to banking. Figures here are hard to come by. Dr. Nicolas Baer, a director of the Swiss Bank Julius Baer, estimated recently in the Neue Zuercher Zeitung that each of the "big three" Swiss banks are managing funds of between Sw.Fr. 50-60bn. This compares with the funds under management of the Morgan Guaranty Trust of about Sw.Fr. 40-50bn.

Firepower

With this sort of financial firepower it is no surprise that the Swiss banks play a crucial role not only in placing borrowings denominated in Swiss francs but in the international capital market as a whole. It is widely estimated that something like a half of all Eurobond issues are now placed through these banks.

During the 1960s the big Swiss banks were content to remain largely on the receiving end of such issues. They were cautious in their attitude towards the Eurobond market, remaining unconvinced of its permanence. Their reticence also sprang from a more rigorous attitude than is prevalent today towards the potential conflicts between managing funds and managing issues. Finally they suffered from a tax disadvantage—a Swiss stamp duty on new issues—which was an additional deterrent until it was removed in 1974.

During this decade the Swiss banks have gone into the issuing business in a big way, although tax considerations still lead them to organise their Euro-issues from outside Switzerland. The Institutional Investor's "league table" of international bond underwriters puts all three Swiss banks, together with their overseas affiliates, among the top eight international bond issuing houses.

The domestic criticism currently levelled at the Swiss banks is largely based on a feeling that it is the skill and secrecy of the Swiss banks asset management that has pulled money into the Swiss franc and given the currency a value which the rest of Switzerland finds difficult to live with. This value is further bolstered, the critics say, by the interest flows on Swiss franc borrowing which are the decisive factors behind Switzerland's current account surplus.

No estimates of what proportion of the managed funds are in Swiss francs exist, but the official figures for the fiduciary business may be some guide. Of foreign fiduciary deposits totalling SwFr 49bn just SwFr 1bn were denominated in Swiss francs at the end of 1977. The lion's share was denominated in U.S. dollars. Evidently the attraction of the Swiss banks is independent of the lure of the franc.

The Swiss capital market is open to foreign borrowers through three channels—syndicated fixed rate Swiss franc bank loans, privately placed medium term note issues, and long term Swiss franc bonds for public subscription. Of these the sharpest growth has come in the issue of the medium-term notes. Notes worth SwFr3bn were issued in 1972, rising to SwFr 9.3bn last year and a total for the first nine months of this year of SwFr 6.5bn.

The notes have a maturity averaging about five years. They are non-negotiable and, because of a recent diktat from the National Bank, they cannot be redeemed early. The central bank also insists that such placings be kept very much under wraps and its spokesman calls this secret system of private placements a "holy cow never to be slaughtered." Apparently the reason for the secrecy is that the National Bank wants to insulate the Swiss mortgage market, which is politically important and financed through the issue of Kassenobligationen of medium term maturity, insulated from the prices foreigners are charged for their medium term notes.

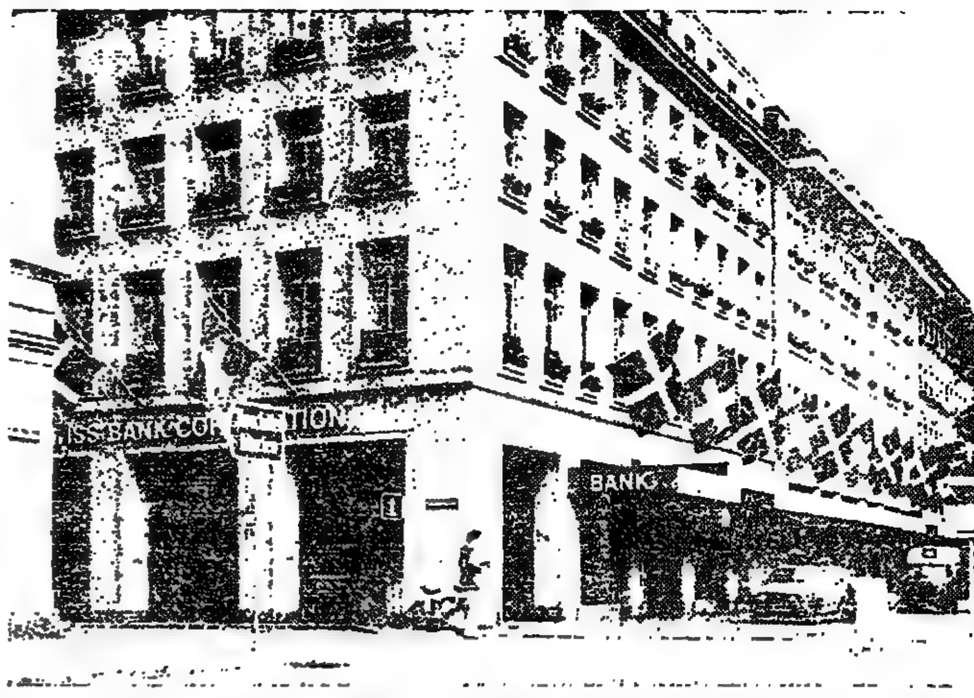
Interplay

The practice also prevents any price yardstick emerging which would provide guidance for the development of a rival medium term note market outside the Swiss border. The Swiss authorities are very much against an internationalisation of the Swiss franc—that is of letting its interest cost for every maturity be set by an international interplay of supply and demand. They have also been at pains to keep the valuable business of deploying this desirable currency in the hands of the Swiss banks. It is for this reason that the central bank has assiduously prevented the appearance of a Euro-franc bond market.

The volume of issues of Swiss franc foreign bonds for foreign borrowers has shown the slowest growth of the three categories of foreign credit rising from SwFr 3bn in 1972 to SwFr 3.7bn in the first nine months of this year. Such bonds have maturities of 10 years and more and have understandably been regarded as too risky by some borrowers during the period of the rising franc. An equally important constraint has been the market's capacity to absorb issues of long maturity.

In recent months there has been a conspicuous lack of Swiss bond issues, particularly by U.S. corporations whose accounting conventions make them peculiarly vulnerable to the rising currency. A few U.S. banks have come to the market, most recently First National Bank of Chicago, and Swiss bankers are quick to point out that this means that sophisticated borrowers now see the franc as a cheap credit. Alas, it probably has more to do with matching Swiss franc assets than with perceptions about the future of the franc. Nevertheless, now that the franc is re-adjusting downwards bankers are reporting fresh "nibbles" from good quality bond issuers.

Nicholas Colchester



Swiss Bank Corporation in Berne

Seller's market rules in domestic bonds

THE DOMESTIC bond sector in Switzerland is at present very much a seller's market. Interest rates are running at their lowest levels for nearly 20 years but new issues continue to be fully or oversubscribed. Investors are faced with a rash of premature redemptions as borrowers repay what are often relatively recent floats so as to get back on the ground floor. Rarely has the customer needed so little wooing.

In fact, Switzerland's long-term capital market received a severe shaking earlier this year when non-residents were banned from subscribing for new domestic paper. Intended as a measure to bring down the Swiss franc exchange rate, this sparked off an immediate slump in secondary market quotations and a subsequent rise in coupons. It looked as though the long-lasting heyday for Swiss borrowers had come to an end.

Demand

Foreign demand, however, turned out not to have been the important factor many had believed and the Swiss franc itself did not stay subdued for long. Issues by top addresses settled down at a regular 3¼-3½ per cent interest level, with less prestigious bonds up to about 1 per cent higher. Primary sales went well enough and the secondary market improved sufficiently for the interest rate to drop again. Today, cantons and cantonal banks are asking a straight 3 per cent for new bonds, the market having returned to and even surpassed the point it reached when—just about the time of the non-resident investment ban—the City of Zurich dared a 3-per center priced at 99 per cent.

Demand in Switzerland itself, particularly from the institutional sector, is definitely heavy as investors seek outlets for ample and frequently excess liquidity. The term "investment emergency" is more than just a catch-phrase, since at present there is too little new material coming on to the market—even with foreign buyers out of the running.

In the first nine months of this year, it is true, 136 domestic issues were made on the Swiss bond market, compared with 110 for the corresponding period last year. Their nominal value was up from SwFr 4.92bn to SwFr 6.81bn over the period. However, the value of what the Swiss call conversions—issues or part-issues equal in nominal value to maturing or prematurely redeemed bonds—jumped from SwFr 1.43bn to SwFr 3.18bn. This meant that the actual new money call on the market was almost unchanged at SwFr 3.63bn (SwFr 3.49bn), this at a time of a rapidly appreciating currency and a resultant desire to lend out for repayment in Swiss francs.

Nor has there been any expansion in net borrowing activity in the current fourth quarter. Although the calendar—since slightly pruned—foresaw issues worth a nominal SwFr 2.52bn, "conversions" accounting for SwFr 1.09bn of this, the net call on the market is rather lower than in the fourth quarter of 1977.

There are no signs of any rush on to the market by borrowers. Funds are plentiful in Switzerland at the moment and there is a reluctance to borrow money on a stockpile basis. Noticeable by its absence from the market since as long ago as February, 1977, is the Confederation, traditionally the biggest borrower (in 1976 alone it issued a total of SwFr 2.75bn-worth of bonds and bills). National Bank vice-president Professor Leo Schürmann said last month that no Federal bonds were in the pipeline either, and added: "The Confederation reserves the right to carry out premature redemptions."

Conversions

The issue policy of the Swiss State over the next few years will be marked by large-scale conversions of old bonds, with peaks of between SwFr 1.1bn and SwFr 1.95bn annually in the period 1981-83. It is possible that new money market instruments may be used to ease this accumulation of maturities.

There are other reasons why interest rates are likely to stay very modest in Switzerland. First and foremost, inflation is running at its lowest level since 1960—only 0.4 per cent annually last month—may fall further or even turn negative. In its wake bank interest, mortgage and other rates have been falling rapidly. So 3 per cent is much more to a Swiss investor than might appear to an outsider.

In addition, the National Bank is determined to keep interest rates and inflation minimal despite sharp money supply growth and is prepared when necessary to intervene on the capital market. Up to now such interventions have been negligible and "made to measure" but they need not stay that way. The National Bank might release some of its own bond holdings to the market in the first quarter of 1979, when demand is likely to be seasonally strong.

At the same time the Swiss franc—though well below its September records in terms of other currencies—does not seem like showing any real weakness. There was some nervousness on the announcement of the new monetary programme of the U.S. early this month but the depressive effect on domestic bond prices did not last long—even though the City of Zurich prudently withdrew a SwFr 75m issue which had been on the calendar for mid-November. Certainly not much currency risk seems to be involved in lending to Swiss franc borrowers. Non-residents may, incidentally, now re-invest proceeds from the sale of domestic securities in other domestic securities, this being one of the October 1 relaxations on February's stern non-resident investment ban.

It remains to be seen whether the coupon will drop any further on Swiss bonds. The 3 per cent mark is seen as both a psychological and a technical barrier, especially for institutional investors. There has been talk of a drop to 2¾ per cent, though this would probably be preceded by a lowering of yields through the lifetime of issue prices to above par. A development of this kind does not seem impossible, particularly if inflation declines to zero.

J.W.

Bank earnings under pressure despite assets growth

IN FINANCIAL terms last year was a good one for Swiss banking. A report, just issued by the Swiss National Bank shows a 10 per cent rise in the operating profits of the banking system as a whole in 1977, with the combined balance-sheet total of the 550 institutions subject to banking law up to a record SwFr 369.62bn. Despite the serious shock to which bankers were exposed by the disclosure of the "Chiasso Affair" — in which some SwFr 2.2bn of clients' funds were mis-directed to a Liechtenstein holding company—and the series of subsequent moves to bring banking under closer control, business cannot be said to have suffered to any extent.

For 1978 it seems that progress will not be so marked. Although the volume of total assets of the 71 larger banks continued to rise on an annual basis, expanding by some 6 per cent from August to August, profitability appears to have fallen off this year so far. Reports of the major banks for the first three quarters all point to less favourable results than in 1977. The Union Bank of Switzerland is already reckoning on a fall in its operating earnings of more than 10 per cent for 1978 as a whole.

There are a number of reasons why the banking business looks like paying less this year. A major consideration is the narrowing particularly in the generally unsatisfactory third quarter—of the interest margin. Rates have been falling fast across the board this year, not least in the light of an inflation percentage little above zero, and banks have experienced the inevitable time lag in adjusting borrowing rates to those on lendings.

The high level of the Swiss franc, which in September reached a trade-weighted peak, has had a corresponding effect on foreign earnings—and together with the host of controls on non-resident holdings in Switzerland, on profits from foreign exchange business. Balance-sheet totals tended to fall in the third quarter after having begun an overall decline in July, though this does not apply to all banks and was largely a technical result of a voluntary reduction in inter-bank transactions.

What worries the Bahnhofstrasse more than a possible fall in generally good business activity is the continued attack on the institution of Swiss banking from a number of quarters.

Last year the banks had been thoroughly embarrassed by the stern call from the authorities in the wake of the Chiasso scandal for better control of their business. A code of conduct concerning identification and acquisition of foreign funds was signed in double-quick time in June 1977, and in October the Bankers' Association thought it necessary to introduce guidelines on in-bank control systems. These moves did a lot to improve the image of banking as a whole and showed a willingness to tackle weaknesses in the system.

Since then fewer points of difference have arisen between the banks and the powers-that-be—even though bankers often complain at the various restrictions on their operations and on the development of the Swiss financial centre. Today bank spokesmen stress their approval of monetary and other official measures rather than their disapproval, while the National Bank is ready and willing to stand up and support the banks.

More in the news today is a referendum motion of the Social Democratic Party, an idea first conceived at the time of Chiasso but since aimed generally at a reduction of what are considered by the Left to be the excessive privileges of the banks. The motion, which is backed by the trade union movement, foresees a substantial weakening of the banking secrecy principle—particularly in connection with non-resident tax avoidance and the accounts of resident self-employed persons—as well as further restrictions on the influx of fugitive money from abroad, plus extended bank reporting requirements, limitations on non-bank participations and the introduction of obligatory account deposit insurance. (A move, taken outside this framework to impose a 5 per cent tax on fiduciary accounts recently failed to get through Parliament.)

Secrecy

The motion, although it explicitly states that the principle of banking secrecy as such would remain intact, is seen by bankers not only as a danger to their operations but also to the Swiss economy as a whole. It would, they say, reduce international operations which help both the balance of payments and the export industry and banks would be less able to supply cheap capital for domestic business. This is quite apart from the acceptance it would pre-suppose of other countries' fiscal laws in Switzerland.

As it stands, and because it is backed by the Left, the motion is likely to be turned down when it finally comes up before the voters.

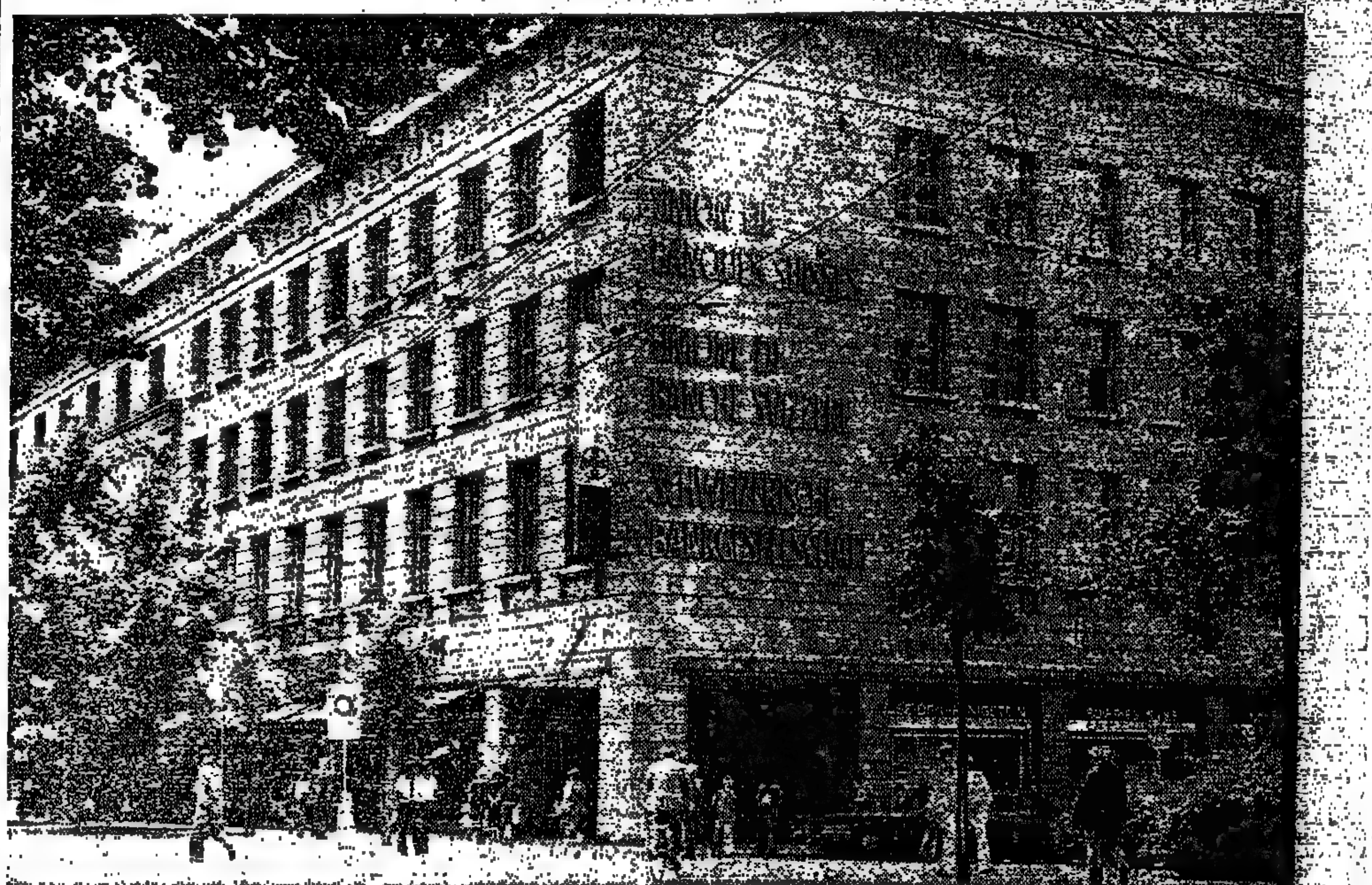
A feeling that banks are better off than they should be is growing, however, in sectors other than the Socialist Party and the Trade Union Federation as both manufacturing industry and the service trades are being increasingly affected by the sluggish economic situation and the thoroughly disadvantageous exchange rate. Although banks are doing more than before to support ailing industries and to finance exports, the slogan "Work Place Before Financial Centre" of the Social Democrats is catching on.

Banks are urged more and more to go against their own instincts in engaging in structural development policy for hard-hit regions or economic sectors. Yet the first to try too hard—the Nidwalden Cantonal Bank—has already got into financial difficulties for just this reason.

The banks are feeling rather hard done by these days, especially as they stress that the Swiss financial centre is by no means growing at the same rate as foreign competitors. They point to their furthering of foreign borrowings to aid official monetary policy, their role in helping foundering businesses and the expansion of export-financing services. The fact remains, though, that most banks are still more or less in clover while most industries and services are facing difficulties of one kind or another.

In addition, pressure from abroad to extend exceptions to the bank secrecy rule or otherwise support foreign governments could increase again as soon as there is a new monetary crisis or a new cause célèbre in one country or another: this could apply to anything from fiscal and currency offences to the question, recently raised by the U.S., of insider trading. Though the banking system and the fundamentals of banking secrecy are still far from being seriously jeopardised, bankers here are going to have to continue explaining themselves to the world at large.

J.W.



Classic world centre for insurance

INSURANCE IS one of Switzerland's leading service industries, total premium income of Swiss insurers and reinsurers having reached some SwFr 17.7bn in 1976 and likely to have experienced noticeable further growth last year. The country is also one of the classic centres of international business. With the highest per capita export of insurance coverage in the world, Switzerland has a foreign share of policy earnings second only to that of Britain.

The importance of this sector of the Swiss economy is mirrored in the substantial capital investments of life assurance, non-life insurance and reinsurance companies. Total investments are put at something like SwFr 50bn, of which an estimated SwFr 35bn is in Switzerland itself and the remainder abroad. The Zurich Insurance concern—the country's biggest—alone records 1977 capital investments of SwFr 4.8bn for the parent undertaking and no less than SwFr 12.17bn for the entire group.

Govern

As by far the most significant group of institutional investors in Switzerland itself, insurance undertakings are today faced with several problems. A number of federal regulations govern the investment activities of Swiss companies. Life Assurance bodies for example, are allowed to put only 5 per cent of their available funds into shares, certificates of investment funds with exclusively domestic portfolios, unlisted private-enterprise bonds and the like, while participations in outside companies may not exceed 10 per cent of the capital of the undertaking in which a stake is held. A 5 per cent limit on equity investments also applies to non-life insurers; another rule limits property holdings by these companies to 40 per cent of the capital investment total.

The nature of their business means that the life companies have a greater long-term element in their investment plans than other insurers. This results in a much larger involvement in the property market. Well over half the total capital investments of Swiss life offices are in property and the mortgage market. Typical major companies in the non-life sector show a similar predominance of bond holdings.

The property market, as one of the mainstays of insurers' investment activity, has seen better days. The building industry, which had been booming as never before in the early 1970s, suddenly ran into real recession after 1974. Too many dwellings had been put up and the number of vacant flats began to increase. Demand for new housing, it is believed, will not this century return to 1973 levels. Insurance companies continue to invest in new building projects, however, as the need continues to tie up large sums in long-term assets.

The fall in construction activity has led to a decline in mortgage demand. With near-zero inflation an increasing number of mortgagees are repaying their mortgages, while insurance companies and banks are engaged in sharp competition to gain such new custom as there is and even to win existing mortgages from one another.

At the same time insurance company investors are confronted with the shortage of material on the bond market. Although they have something of a priority position as the biggest and steadiest clients of distributing banks and despite the absence since February of foreign investors from the domestic security sector, there is not enough new paper to go round.

Lowest

In addition, sellers' market conditions have brought bond coupons down to the lowest levels since the 1950s. This fact — first-class domestic borrowers are today paying only 3 per cent on new issues — goes hand in hand with a rash of maturities and premature redemptions on existing bonds with the certainty of lower interest on new commitments. Since mortgage rates have also been falling fast, insurers are becoming worried about the interest situation as a whole; for eight years they have worked with a "technical" rate which for life assurers has been 3½ per cent.

Nor is there any noticeable growth in demand from public authorities for insurance company loans. Public spending, some of which was covered by loans of this kind to cantons and communes, is restrained and such money as is needed can be obtained cheaply by bond issues. Recently, a trend is reported towards life insurance company loans to help meet budget deficits of local authorities.

As far as insurers' investments abroad are concerned, the appreciation of the Swiss franc has taken the gilt off the gingerbread. Company reports for the past business year indicate generally good to excellent capital earnings abroad in terms of foreign currency but substantial dilution of this element of income after translation into Swiss francs. For 1978 business this will be even more marked.

It should of course be added that foreign investments are fundamentally a support for foreign liabilities, so the effective value of such investments is not wholly dictated by monetary considerations. There has been a tendency, however, to increase the Swiss franc content of total investments as and where possible.

Foreign investors have themselves been attracted to Swiss insurance policies in recent years. First, a number of life companies have been successful in building up group life and pension business, some of them—notably Swiss Life—specialising in schemes for multinational corporations. Secondly, Swiss franc policies have been looking very interesting in view of currency developments and a not inconsiderable demand has grown up outside the country for life policies on Swiss insurers.

After the February restrictions on non-resident investments the National Bank had to clamp down on this business, which the Germans in particular were discovering. It is not an absolute ban but goes so far as to forbid the selling of such policies outside Switzerland. Less interest exists in the purchase of non-life policies in hopes of a currency gain.

As to insurance shares these have made a good showing in the generally rather disappointing stock-exchange year 1978. Though their yield is low—some 2.55 per cent on November 10 as against an overall Swiss share yield of 3.01 per cent—prices have kept up pretty well and some have shown marked improvement since the start of the year. This applies particularly to registered shares—an indication of growing purchases by Swiss nationals.

J.W.

Paris Opéra

Soirée MacMillan

by CLEMENT CRISP

The gala audience assembled for the first performance of the Opera's Soirée MacMillan must have wondered what kind of elaborate cross-Channel jape had been played on them as the curtain fell on *Les Quatre Saisons*. This was the opening piece in a triple bill in which MacMillan has been honoured as the first Briton to provide an entire ballet evening at the Opéra. The idea of starting with a revised version of *The Four Seasons* was excellent: *Les Vêpres Siciliennes* of 1855 was Verdi's first commission from the Opéra: his ballet music (which is MacMillan's score) was a sop to win over the *abonnés* more interested in legs than vocal chords: MacMillan's divertissement is full of good dances, and in reworking the initial ballabile, the choreographer has tightened what was the weakest section of a charming work.

For design he turned to Barry Kay, and curtain rise showed the vastness of the Opera's stage, amusingly set with pillars, huge plastic bubbles to simulate clouds, and four seasonal divinities skied high above the dance area on *gloires*. The audience applauded: the conceit was easy to read—a homage to the Second Empire's view of *le grand siècle*. There followed jokes within decorative jokes: puns about the style of the Opéra itself, and more than a nod to the extravagance we associate with the *Folies Bergère*. But it is dangerous to make fun (however well-meant) about a nation's foibles and then offer the fun for that nation's amusement. The house perceptibly froze as Kay's fantasies—very entertaining in themselves—piled feathers on feathers, wigs and golden trappings on yet more feathers and visual puns about balletic costume.

I feel that MacMillan's dances have now fallen twice victim to their design. Presented, as Balanchine offers his gleaming *Ballo della Regina* divertissement to Verdi's *Don Carlos* music, in the simplest costuming, the choreography could speak for itself and win an audience. But both Peter Rice's domestic Italian decorations for the Royal Ballet's staging, and Barry Kay's new Pelion on Ossa of plumes, fauns, centaurs, amazons and sight-gags, mitigate against the self-sufficient sparkle of the dance. Kay evidently felt that the Opéra itself—a building which in any case goes far too far, but does so with the deepest conviction—could provide design themes that could go even further too far. Impossible not to admire his skill, his witty sense of the decoratively preposterous in late 19th century taste which, in the Opéra's own foyer de la danse, seems a *grande horizontale's* idea of Parnassus. Yet in *Les Quatre Saisons* the travestie Venus attended by a cohort of fan-dancers; the Bacchus entering astride a car that reveals itself as an immense tribute to the male genitalia; the gauzy skirts hugging the danseuses' derrières with a dainty eroticism that can be seen in the building's own statuary, all proved too much. And too much for the dances, which floundered not least because the Opera's artists seemed ill at ease in their outfits. Three dancers managed to shine from among a large cast. The prodigious Noella Pontois, a brilliant virtuoso dancer, spun and sparkled in Autumn; the Opera's new young star, Patrick Dupond, displayed amazing ballon and elevation as he flew through the Spring variation; an entrancing newcomer, Françoise Legrée, was of truly spring-like grace in the same section.

As the curtain fell the house showed all too vocally how disgruntled it was. Had Albion revealed itself as more perfidious than even the most xenophobic had believed? MacMillan's new *Métaboles* started to assuage the public's displeasure. The score is a fine study in the metamorphosis of orchestral ideas by Henri Dutilleux. Barry Kay produced a theatrical and disturbing setting from a semi-circle of oval looking glasses dominated by a cloth showing a gigantic chest X-ray. At a dining table five men are seated, tail-coated, with Patrice Bart as their leader. Dominique Khalfouni, in a long dress the colour of raspberry sorbet—which is torn off to reveal a maillot of the same hue—is their *plat du jour*. MacMillan prefaces the work with a quotation from The Ballad of Reading Gaol (Yet each man kills the thing he loves . . .) and we see Khalfouni as the repast for Bart and his companions. As in *La Grande Bouffe*, or the dinner scene in the film of *Tom Jones*, eating and eroticism are correlated. And as the audience discovered, *Métaboles* generated an obsessive emotional force. MacMillan uses an almost expressionistic manner at times (the men mime-eating, with hands rising and falling like pistons over the table) and the neurotic, erotic mood becomes very tense. Khalfouni and Bart were both excellent. Khalfouni, a pallid victim enjoying her fate, gave her role a morbid sensuality as she was manhandled in a variety of acrobatic/passionate lifts; Bart's speed and impetuosity of temperament made the central male role as disquieting as that of the lunatic teacher in Flindt's *La Leçon*.

At *Métaboles* curtain-fall the audience had forgiven, if not forgotten, *Les Quatre Saisons*; after the final *Song of the Earth* they were aware that they had seen a masterpiece. The programme was far too long, and not helped by interminable intervals, but *Song* received a fine performance, and on the grand expanse of the Opera stage it looks magnificent. There was a sound orchestral performance under Stewart Kershaw—the playing for the Verdi and Dutilleux scores had been admirable—though I was not taken by singing of the female vocalist in the Mahler. *Song* was dominated, and made particularly glorious, by the dancing of Jean Guizerix as the Man. Guizerix, as I have had occasion to note before, is an artist of the rarest distinction, blessed with a powerful style and emotional intensity, ideally expressive, virile—one of the great dancers of our time. As the Man he gives the most potent account of this difficult role I have seen, serious, thrilling in dignity and in dynamic range. The balance with the Woman (taken by the gifted and sensitively restrained Wilfride Piollet) was excellently judged, and I suspect that the last song gained much from the fact that these artists are man and wife. Their concentration made The Farewell very moving, and Piollet's technical ease—exquisite in such small steps as the sequence of little beats in the final song—was a continuing joy. As The Messenger, Patrick Dupond was impressive. His extreme youth and his darting style gave the part an innocence that was markedly effective. In the two scherzi—Of Youth and Of Beauty—a pair of beautiful young dancers, Françoise Legrée and Clotilde Vayer—were perfectly cast. How pleasant it would be were there an entente cordiale between the Opéra and Covent Garden so that artists in leading roles might exchange visits. Guizerix and his fellows deserve to be seen and hailed in London.

The Queen's Gallery/National Portrait Gallery

Holbein and Moroni

by DR. ROY STRONG

The Queen's Gallery exhibitions have always suffered from being quarts poured into a pint pot. Holbein and the Court of Henry VIII is at last an exhibition which is right in scale. There is an immediate pleasant visual balance between the anchor pictures and the long series of drawings, all impeccably hung at eye level and each given room to breath. Our encounter is with the contents of the "great book of Pictures done by Haunce Holbyn of certeyne Lordes, Ladyes, gentlemen and gentlewomen in king Henry the 8. his tyme," as these were first recorded in an Elizabethan inventory. Now, no longer in that book, long since vanished, they are meticulously sandwiched between sheets of acrylic floating within their mounts.

Here for anyone is a couple of hours of pure pleasure. We need feel totally unashamed at revelling in these marvellous drawings which bring to life to a startling degree the court of Henry VIII. So powerful are these images and so immediate our psychological involvement with them that one understands why British history before that period sinks so quickly into a haze of anonymity. Holbein's supreme contribution was to introduce to Tudor England the new renaissance art form of the portrait as he in the north conceived it. The very idea of sitting for one's portrait was a startling novelty in the 1530s. For those who sat what an astounding revelation it must have been to be confronted by themselves. Rarely, either, had courtly flattery set in. There is no attempt to conceal Sir Richard Southwell's war scars or the Earl of Bedford's blind eye. Although Holbein delineates dress in the utmost detail down to the last pin it never eclipses his obsession with the human face. However damaged, retouched or drawn over, the potent magic of Holbein's line survives. Each one is a revelation of a human being, a total encounter for the onlooker. What vanity and pride, what meanness and serenity, what dimness and sweetness, what intellect and thuggery! Here is a parade of virtue and vice not to be missed.

Holbein's Unknown Lady

What a stroke of fortune, too, that Sir Thomas More sat for him. How differently we would think of him without that precious document that confirms in our eyes the noble humanity of his life and writings. How differently, too, we would think about Archbishop Warham but for that record of his tired wrinkled old face. But this time it was the glimpses of the women which fascinated me. The few chalk and ink lines that tell us all about Lady Mounteagle's roving eye, the serene Duchess of Richmond with her downcast face and feathered bonnet, Lady Audley whose lineal descendants populate today's Sloane Street.

If the exhibition has a weakness it is its lack of direction. The catalogue is a mosaic of notes provided by various people and the smell of scissors and paste is just a little too strong at times. In other words there is no line of argument, no new revelation to make us re-think these amazing drawings. The most we get are fragments: a little more research on a sitter, the beginnings of sorting out Holbein as a miniaturist, an attempt at disentangling the watermarks. But the enigma remains and we do not seem to have moved on much since Sir Karl Parker's still authoritative catalogue published 33 years ago.

What were these drawings? One only, that of More, has pin-pricks for transference to the panel. For the remainder, sometimes a finished picture survives, often only in the form of a later copy, but for many none. The drawings stretch over almost 20 years of creativity from the sketches for the lost More family group to those of the 1530s when Holbein was recording those who carried through the destruction of all that More had died for. And yet one is puzzled by those who are missing. No Cromwell, no Anne Boleyn, no Catherine Howard, none of Henry's sister. Were they all necessarily preliminary to a picture? One wonders.

We are so brainwashed that we in fact fail to see Holbein within the perspective of his age as one of a horde of foreign craftsmen at court fighting for work and by no means at the time the most important. Lucas Hornebolte, whose miniatures are also in the exhibition and who taught Holbein, was paid twice as much. And it was several years before Holbein actually entered royal service. Veneration for him in England came posthumously. The Henrican court was far too visually illiterate to be able to comprehend his genius.

It is also splendid to see the Queen's Gallery given over to an exhibition which stems from the domain of the Royal Library. Ever since the gallery opened it has presented almost exclusively exhibitions of pictures. Drawings, miniatures, books or the decorative arts have only figured so far as props (often to keep the visitors away from a valuable picture) One of the most memorable post-war exhibitions was of the royal silver. Not everyone is picture orientated so that perhaps the Holbein display is an indication that we are at last to see a wider conspectus of the collections in which the focus will be reversed and the pictures will be props to show off drawings, silver, stamps, armour, tapestries, furniture, ceramics, to name but a few other unrevealed areas of richness within the Royal Collection.

In contrast the small exhibition at the National Gallery to commemorate the 400th anniversary of the death of the painter Moroni does have purpose. Allan Braham in his elegantly written catalogue pinpoints exactly the virtues and failings of this late 16th-century painter who passed his working life almost exclusively in the provincial town of Bergamo, then in part of mainland Venice. His clientele was its governors, its local aristocrats, its professional classes, even its trades people, for who could ever forget the legendary Tailor who presides as the fitting focal point of the exhibition. As Moroni observes him the tailor has all the force of an original idea, a man at his work table cutting out cloth. Never happy at any work other than that of portraiture Moroni manages to make his own carefully controlled statement, one strong enough to hold its own even in the face of Titian's long reign in the capital city.

The exhibition takes on the story of the development of the portrait in 16th-century Europe after the death of Holbein. Moroni's power lies in his adherence to the early renaissance preoccupation with the reality of the sitter. The two handsome full lengths of gentlemen posed against ruined classical architecture with the knightly attribute of pieces of armour to hand, never lead to the face becoming the mannerist mask of a Bronzino. The portrait of a scholar is a study of a dignified old man first and of a man of letters second. Most of all do not miss the astounding likeness of Count Lupi. Using a 15th century formula, a head and shoulders placed behind a marble wall, but applying to it all the skills of the renaissance artist in achieving the ultimate in optical illusion, the result is a confrontation as unnerving as that with the earliest photographs 300 years years later.

Riverside Studios

Music Projects/London

by DAVID MURRAY

The somewhat clumsy label belongs to an excellent new ensemble which will specialise in contemporary music. Under their conductor Richard Bernas they made their London debut on Sunday afternoon with Stravinsky and *Domaines*, a large, leisurely, neglected Boulez work of the mid-60s. There is a version of *Domaines* for solo clarinet, but in the expanded draft the clarinettist moves about the platform, evoking responses in turn from six separate and different groups of instruments, and on a return journey revisiting them all in another order. In the whole work there is no *tutti*, a curious austerity—though it does mean that the music can be economically prepared in section-rehearsals.

On this occasion the accomplished soloist was Roger Heaton who boasts the rich range of tone-colour that the long and crucial part requires (and without the lethal shrillness at the top which some players exploit). If there is anything like purposeful development in his role, as distinct from elegant variation, he did not suggest it; but perhaps there isn't, and in any case his sinuous exposition of the elaborate music of each "domain" was convincing and beautiful. Each mini-ensemble was impeccably balanced, and their strengths were even—though I thought the string sextet a trifle bland, and was especially taken with the crisp precision of the quacking trombone group and the velvety echoes of the lone bass clarinet.

Bernas and his players revealed *Domaines* as one of Boulez's most immediately attractive pieces; one hopes they will bring it to several more audiences. Their Stravinsky was neat and poised, occasionally too soft-edged: the Concertino which the composer re-wrote for two strings and 10 wind and the evergreen wind Octet, prefaced by a tiny Fanfare, one of his last *Pièces d'occasion*. The Riverside studio might have been designed for all this music, adding a little bloom without blurring the lucid lines. More Sunday occasions like this are planned, and worth watching for.

Wigmore Hall

Bartók

by NICHOLAS KENYON

Floundering as we are in the last quarter of the 20th century, uncertain whether any of our musical creations (let alone anything else) will outlive us, baffled by the lack of direction and communicative purpose in so much contemporary art—to such listeners the encounter with a genuine, unquestionable 20th-century musical masterpiece is a reassuring experience indeed. I have heard Bartók's Third Quartet countless times over the past 10 years, and its stature grows with every hearing: it is, of course, commonly accepted as a great work, yet until Sunday's performance by the Bartók Quartet it had seemed a fierce, withdrawn, "difficult" piece.

Fierce it still was in the Bartók's superlative reading, but a fierceness thrust at us with so much strength and logic that breath could scarcely be drawn through its intertwined movements. Born of passion, articulated by the intellect, and realised with the highest technical skill, both composition and performance by the Bartók direct power as any masterpiece of the past: Bartók's Third has lasted 50 years, and will last 500.

The Bartók Quartet's partnership with pianist Peter Frankl in Schubert's "Trout" Quintet was slightly less successful in bringing a masterwork to life: the strings were heavy of foot, while Frankl flitted across the keys (in his first-movement arpeggios) so lightly as to be insubstantial. There was fun, and freshness and genuine interplay, but not the real unity which the Bartók had presented.

At the start of the evening, however, the quartet had brought an almost Bartokian pungency to the twists and turns of Beethoven's Op 95 Quartet. The modally-tinged first movement second subject; the eerily chromatic second movement fugue; the burlesque dotted rhythms of the quasi-minuet—all these anticipated Bartók's sonorities and his moods. The sturdy cohesion of the quartet's playing perhaps removed a few too many of the surprises from the opening Allegro con brio—the modulations and transitions should really shock. But the Allegretto was done with just the right hesitancy, and the finale had an ideal blend of eccentricity and fearsome insistence. There are many other ways to interpret the work, but this was great quartet-playing by any standard.

Festival Hall

LPO and Haitink

by ARTHUR JACOBS

Mendelssohn's music to *A Midsummer Night's Dream* forms such a rich and satisfying sequence that I wonder it is not more often done. Done at full 50-minute length, I mean, not as a mere extraction of the Overture, Scherzo, and Nocturne. Bernard Haitink, conducting the London Philharmonic Orchestra on Sunday, displayed every item of the score that can be performed without actors to speak the dialogue. The tiny grotesque march (one clarinet, one bassoon, a pair of kettledrums) for the death of Pyramus was not forgotten, and the finale had its proper role of recalling music previously heard.

By no means a newcomer to this score (his 1966 recording has just been reissued), Haitink took it all on the brisk side—perhaps a little too much so. It was difficult to imagine any processional step to such a Wedding March. But the phrasing and the melodic contours were admirably exhibited. The LPO players, woodwind especially, bravely answered the challenge of fast tempo, and a suitably light and clear vocal touch was added by Margaret Marshall, Ann Murray, and the women (no, I see they call themselves "the Ladies") of the London Philharmonic Choir.

The remainder of the programme comprised Saint-Saëns's Third Symphony. (While Mendelssohn and Saint-Saëns are hardly reckoned the box-office equals of Beethoven and Chaikovsky, the programme nevertheless packed the hall.) The appellation "Organ Symphony" is really a misnomer: the instrument participates, but with no exhibition of its box of tricks. Yet the handy label serves to identify a work which has genuine musical reasons for its present new wave of modest popularity.

What struck me for the first time about the symphony, apart from its indebtedness to Franck and Liszt, was what it must have meant to the young Elgar. Its first performance was in London in 1886. The successive waves of orchestral surging, the harmonic sequences, the pattern of a solemn melody, the re-shaping of themes from one movement to another (a process which Elgar was to adopt in his own first symphony)—all these came over clearly in Haitink's cogent and never sentimentalised delivery.

No doubt the cumulative weight of the ending must seem "French bombast" to some, just as Elgar seems to be rejected by most of the world for "British bombast." I rejoice that our present concert repertory is wide enough to take in both.

Ronnie Scott's

Louis Hayes/Tania Maria

by KEVIN HENRIQUES

Since its exhilarating British début at Ronnie Scott's in August, 1976, the quartet led by drummer Louis Hayes has undergone some personnel changes. Unaltered, though, is its enlightened policy of playing hard-driving post-Bebop jazz with intensity and fieriness.

Hayes, a propulsive drummer whose illustrious past employers include Horace Silver, Cannonball Adderley, Oscar Peterson, John Coltrane and Miles Davis, is the vigorous inspiration behind the group, constantly prompting his colleagues, underlining their playing and laying down an unremitting base for their solos.

The new front-line player is altoist Frank Strozier, another widely experienced musician, who has never quite garnered the appreciation or attention he deserves. Though for long stuck in a "Charlie Parker disciple" category, he does have a style of his own—a good, firm tone, notable facility in the fast tempos but with no little warmth in ballads such as in his own composition "Neicy" where he plays respectable flute.

Pianist Harold Mabern is a long-time associate of Strozier—they were schoolmates in Memphis. He is a rip-roaring, percussive player, brimming with exciting ideas and the techniques to execute them. His full, two-handed style fits perfectly the overall concept of the group.

Stafford James, at 32, is the youngest of the four but he is such an assured, dextrous bassist that he has no trouble keeping up with his hard-playing seniors. Altogether this is a stirring quartet which plays solid, lively jazz. It is at Scott's until Saturday.

So is the other half of the bill, Brazilian singer/pianist Tania Maria. Also no stranger to Scott's she remains a hugely joyous performer. Completely immersed in her music—most of her material is by Brazilian composers and she sings only in Portuguese—she conveys the meaning and emotion of the lyrics through the excitement or sadness in her voice. It is questionable whether she would retain this distinguishing quality if she sang in English (though I do think there is a strong case for her to sing at least a couple of songs in the language, if only out of politeness.) She is a heavily rhythmic pianist and with the unflagging help of her polyrhythmic drummer and bass guitarist (both French) brings authentic South American feeling to the jazz idiom.

The Glyndebourne Touring Opera Singers' Award

The Glyndebourne Touring Opera Singers' Award has been made to Mary King, a 26-year-old mezzo soprano who joined the Glyndebourne Chorus for the tour which ended last month.

Earlier this year she was a finalist in the Kathleen Ferrier competition, and won a Park Lane Young Artists and 20th Century Music Award, as a result of which she will give a Purcell Room recital in January

The GTO Singers' Award was established last year, through the generosity of an anonymous private donor, to assist a young singer appearing with Glyndebourne Touring Opera to further their studies.

Covent Garden

Joan Sutherland

by ELIZABETH FORBES

The inaugural Gala concert of the Australian Musical Foundation in London, given at Covent Garden on Sunday in the presence of the Prince of Wales, was opened by a surprise guest artist—Dame Edna Everage. In a short address, which included a poem specially written for the occasion, Dame Edna sang the praises (not literally of course) of Australian dentists, tennis players, golf champions, film stars and, above all, of Australian sopranos. Joan Sutherland, the finest Australian soprano alive, is too seldom heard in London these days, so her presence as star of the Gala was doubly welcome.

Joan Sutherland

It was brave to begin her part of the programme with Norma's aria "Casta diva," but Miss Sutherland proved to be in excellent vocal form, spinning a firm and even melodic line, attacking the cabaletta with splendid ferocity, decorating its second verse with effortless skill. "Vilja" from the Merry Widow, sung in English, showed a lighter side of her talent—it is all too easy to forget her ability as a comedienne — while Ophelia's Mad scene from Thomas' *Hamlet* not only glittered and gleamed with the brilliance of its coloratura, but managed to seem pathetic at the same time.

Naturally there had to be something from *Lucia di Lammermoor*; Miss Sutherland and John Brecknock sang the first-act duet for Lucy and Edgar, in which the soprano was momentarily afflicted with slight droopiness of rhythm, as if out of sympathy for the poor, frail heroine. But in the Sextet from *Lucia* that ended the concert, all her earlier aggressiveness returned, and she dominated the ensemble in true prima-donna fashion. Her colleagues in the Sextet were Yvonne Kenny, John Brecknock, Gregory Dempsey, Jonathan Summers and Malcolm King.

The other soloist was John Williams, who contributed a deft but unexciting account of Rodrigo's *Concierto de Aranjuez* as well as some rather more enjoyable pieces for solo guitar, including an attractive 16th-century *Lacolta*. The Royal Opera House Orchestra seemed to relish the opportunity to emerge from the pit, and weighed into the Overture to *Nabucco* with great spirit It also played an arrangement, by Douglas Gamley, one of the evening's conductors, of the *Merry Widow* Overture, keenly shaped and coloured by Richard Bonynge, who also conducted all the vocal items in neat and tidy style.

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Comparability is a trap

WHILE THE Ford drama goes on its way, the really serious problem which the Government faces, partly as a result of the collapse of its 5 per cent policy, has received little attention. However, the first rumours of the findings of the Pay Research Unit, which attempts to set standards of comparability between the public and private sectors, are distinctly ominous. Already the civil service unions are beginning to argue that they have been left badly behind in three years of pay policy, and are setting themselves targets of as much as 20 or 30 per cent to re-establish their place in what they see as the pecking order.

The civil servants may well expect some sympathy from the Government—though little, it seems, from the Prime Minister, whose career as a civil servant was in an era before full employment policies had established comparability as a respectable idea. There was a half-hearted concession of "greater role" for comparability in the rejected joint Government-TUC statement. This was rejected, ironically enough, partly because the leaders of the National Union of Public Employees realise that they have already secured pay well above that enjoyed by similar workers—cooks, porters, janitors and the like—in private sector services. Comparability, it seems, is a seasoning to be taken according to taste.

Similar pay

Nevertheless, for the higher grades of the public service, the idea that similar work should command similar pay has such an obvious ring of elementary justice that it will be difficult to dislodge. In a year when 5 per cent settlements look highly unlikely, it even sounds more orderly than a general free-for-all. The disorder is in the long run just as great, only slower—a stately game of leapfrog between rival "special cases." At the end of the game the original and genuine hard cases—police and firemen, for example, who do long hours of what may be hazardous work and are undermanned—again find their differentials eroded. This is a highly inflationary cycle, based on a superficially appealing argument which in fact reflects the realities of another era. When monetary discipline rather than full employment is at the centre of economic policy, the private and public sectors are no longer comparable as they once were.

The Pay Research Unit is meant, in its studies, to give due weight to such factors as job security and pension rights, and the formula for valuing these factors no doubt has a long and respectable history. However, the true value both of secure employment and of indexed pensions has in fact risen dramatically in the three years in which actual monthly salaries may have fallen behind. A regime of controlled credit growth and a strong exchange rate reduces job security in the private sector: its aim is to check inflation and encourage efficiency through tighter competitive disciplines. It restores the element of risk to commercial enterprise—not least to managers. Risk when it is genuine, commands its reward.

Harsh disciplines

Some may find it sad that we have had to reimpose the harsh disciplines of competition, after discovering through two decades that a combination of welfare and secure employment does not make for productive efficiency; but it is a fact. It is equally a fact that if this regime is to be made to work without the high interest rates and recurring recession which threaten at the moment, cash limits in the public sector must so far as possible mean what they say. The only special case the Government should recognise is the need to raise pay where existing rates do not attract the men required. For the rest, the principle should be that the salary bill cannot be expanded at will by union pressure: if public servants want to insist on private sector pay rates, they must face a corresponding loss of jobs, just as workers in any hard-pressed private company must do. Comparability covers a great deal more than pay rates.

Japan's new leader

THE EMERGENCE of Mr. Masayoshi Ohira as Japan's new Prime Minister, replacing Mr. Takeo Fukuda, has taken almost everyone by surprise—not least the two men themselves. Mr. Ohira yesterday confessed he was "taken aback" by his success in defeating the incumbent Premier in primary elections for the leadership of the ruling Liberal Democratic Party (LDP). With Mr. Fukuda's withdrawal from the planned "run-off" election at the end of this week, Mr. Ohira will now automatically assume the Premiership in the next few days. Mr. Fukuda, who was optimistic that he would win the primary, has declined so far to speculate on the causes of his defeat.

Changed rules

One reason why the outcome of the contest was unusually difficult to predict was that it was being conducted according to new rules. The old system, under which voting was limited to members of the Diet (Parliament) and LDP Party officials, was widely regarded as discredited after Mr. Tanaka gained office in 1972, with the aid, it was widely alleged, of bought votes. Extension of the vote to all Party members clearly enables the winner to claim a wider base of democratic support than was possible under the former arrangement. It has also had the side-effect of attracting a large number of new members into the Party, keen to play their part in the selection process.

The election of Mr. Ohira is not likely to lead immediately to any major policy changes. There are no obvious issues that divide the two men. But there will almost certainly be a change in the style of leadership. Where as Mr. Fukuda is viewed by many LDP members as a chilly intellectual, Mr. Ohira is more in the traditional mould of Japanese politicians. Less articulate than Mr. Fukuda, Mr. Ohira's preferred approach is to use back-slapping bonhomie to produce consensus all round. Unlike some other Japanese politicians, Mr. Ohira is untouched by scandal and is careful not to cause offence. He is much more popular with the Party's grassroots members than Mr. Fukuda.

As a former Minister of Finance, Foreign Affairs and International Trade and Industry, Mr. Ohira is no stranger to the world scene. But his disposition may make him less effective than Mr. Fukuda at selling the Japanese line to his American and European colleagues. Mr. Fukuda, encouraged by his successful performance at July's seven-nation world economic summit in Bonn, had been looking forward to chairing the next such gathering in Tokyo next year. Mr. Fukuda is confident of his intellectual ability to convince others that his point of view is right. Mr. Ohira's approach to the Tokyo summit, which he will now host, is likely to be less forceful.

Mr. Fukuda prided himself as an innovator as far as Japan's relations with the outside world were concerned. During his term of office, he created a new post of Minister for International Economic Relations and devoted particular attention to Japanese aid and development policies, an area that can hardly be said to have received high priority hitherto. But the importance of the Prime Minister in Japan's dealings with other countries has declined over the past decade. In the 1960s, the Prime Minister was in a position to have his own way on foreign trade issues. Now the cumbersome bureaucracy has gained power at the Premier's expense. Equally, in the wider field of general foreign affairs, the Prime Minister has lost influence to the LDP as a whole.

Consensus

Mr. Ohira's predilection for consensus is also likely to have domestic political consequences. He will probably be more prepared to seek co-operation with opposition parties than his predecessor. The LDP's narrow majority in the Diet makes a certain amount of consultation necessary, but Mr. Fukuda preferred to keep it to the bare minimum. He was, indeed, thought to be planning a January election in the hope of securing an increased majority, and consequently a freer hand, for his Party. Constitutionally, the next election need not be called for another two years, and Mr. Ohira is thought to be in much less of a hurry than Mr. Fukuda. He may well want time to impose his new brand of leadership.

Rhodesia: the unenviable task for Cledwyn Hughes

MR. CLEDWYN HUGHES . . . reconnaissance mission

BY IAN DAVIDSON, FOREIGN EDITOR

WHEN Mr. Cledwyn Hughes arrives in Salisbury this week on his reconnaissance mission for the British Government he will find a great deal of anxiety, and even more confusion and uncertainty. But he will not find an economy which looks as though it were going to collapse in the next three months, nor even in the next 12. All the factors of social stress are present, of course: the decline of the gross national product, for the fourth year running; a deteriorating security situation, with more than 20 deaths a day; and rising white emigration, which is expected to reach new peaks around the turn of the year. Scotch whisky is very expensive and in short supply — though not, oddly enough, in the tax-free shop at Salisbury airport—and butter has become a rare delicacy. But considering that a large proportion of the surface area of the country is now under martial law, and that in a significant number of so-called "frozen zones" effective administration has been relinquished to the private armies of one or other of the nationalist movements, life in the capital remains astonishingly calm and normal.

Just below the surface, however, the capital is vibrant with anxiety. The demands of the security services mean that all men in the prime of life are liable to be away from their jobs and families for about six months per year, with the inevitable impact on the efficiency of the economy and above all on investment in plant and infrastructure.

Until now the economy has adapted with extraordinary resilience to the twin pressures of the guerrilla war and external sanctions: the country is self-sufficient in all essential foodstuffs, has surpluses of wheat and sugar, and the proportion of imported consumer goods in the shops has fallen below 15 per cent, compared with 80 per cent before UDI 13 years ago. Yet no one can foresee an end to the war, and no one can predict how long it will be possible to carry on under the present strain.

The internal settlement announced on March 3 of this year was designed to end the war, by conceding in the form of a detailed timetable the principle of black majority rule, and by thus eliminating the main *raison d'être* of the external guerrilla movements led by the Patriotic Front.

That settlement had one very useful consequence: it probably persuaded the majority of White Rhodesians that the principle of Black majority rule is now irrevocable. That won't be known until the planned White referendum is held, but the main concern of virtually all the White Rhodesians to whom I spoke last week was that the planned elections would fail to produce a stable government, and that it would fail to end the war.

Their concern on both these fronts has only been heightened by the decision of the ruling Executive Council to postpone the elections from this December until next April, and it is striking that this delay is deplored as much by White Rhodesians who reject the principle of majority rule as by those who at least accept it.

Naturally enough, it is deplored even more strongly by those Blacks who support the internal settlement, since it raises the question in their minds whether this is not just the first postponement of many. Is it, they ask, just another trick by Ian Smith? Many doubt whether the White referendum will be held, or, if it is, whether the elections will be held.

Indeed, I did not meet a single person, Black or White, who trusts Mr. Smith. I asked two leading Black politicians, one a member, with Ian Smith, of the four-man Executive Council, the other a joint Minister in the transitional government, whether they really believed that Mr. Smith intended to hold elections.

The first paused for 30 seconds before giving an equivocal reply; the second could only say: "I hope so." The only person who commands less trust in Salisbury than Ian Smith is Dr. David Owen, the British Foreign Secretary, and it is perhaps just as well that it is not he, but Mr. Cledwyn Hughes, who is visiting Rhodesia.

On the surface, the good life continues in Salisbury—but elsewhere much of the country is under martial law

Delay is regretted

But even if the new timetable is adhered to, the delay is regretted by moderate White opinion because it damages the credibility of the internal settlement—and thus reduces the psychological pressure on the guerrilla leaders to return home—and more particularly because it undermines the electoral prospects of Bishop Abel Muzorewa, who, with the Reverend Ndabaningi Sithole and Senator Chief Chirau, is on the four-man Executive Council.

No one knows how a general election would turn out. One has never been tried before. But the conventional wisdom in Salisbury, based primarily the expectations of tribal affiliations, is that Bishop Muzorewa has the largest popular following, with some estimates suggesting that he would get 40 per cent of the vote.

While Bishop Muzorewa is regarded by the Whites as a relative moderate, in contrast with Joshua Nkomo and Robert Mugabe of the Patriotic Front, he is also regarded as a weak man whose chances of staying on top after an election seem slim. Any damage to his credibility in the interim can only further increase his vulnerability.

But in any case, it is virtually inconceivable that any leader could form a one-party government, not merely because there are five main leaders to choose from, but because of the way the internal settlement was drafted. Of the 100 seats in the new Parliament, 28 are to be reserved for the Whites for a period of ten years or two Parliaments, whichever is the longer. The three Black members of the Executive Council agreed to this provision because they believe that the Rhodesian economy will continue to need the Whites for a considerable time to come. Some of them have seen the state of affairs in Zambia, Mozambique and Angola, and they have no desire to go down the same road. The more enlightened Whites recognise that this reservation of 28 seats is a grave mistake, not least because it is in such flagrant conflict with the principle of democratic majority rule that it is bound to be revoked immediately by the first Black-majority Parliament.

The trouble is that this principle of White-reserved seats, which was designed to protect the position of the Whites and which may help to get the new constitution through the White referendum, will in fact make it almost impossible for any leader to form a majority government. Fifty-one seats out of 100 in reality means 51 of the 72 reserved for the Blacks, which on the planned system of porportional representation requires a popular vote of 70 per cent of all Black votes. If one goes on to assume that tribal affiliations are critical in voting patterns, and that Bishop Muzorewa will not get any votes from the Ndebele people (who represent about 20 per cent of the population), then he needs to get 87 per cent of the votes from the Shona-orientated tribes. If, on the other hand, Bishop Muzorewa's party gets 40 per cent of the Black vote, he would command only 29 seats in Parliament.

Of course, tribal affiliations may be much less critical than the conventional wisdom would imply. Mr. Joshua Nkomo certainly lays claim to a popular following which transcends tribal boundaries, and his claim would appear to be given some credence by the British and American Goveraments. But as a Ndebele, he would need a massive following among the Shona peoples if he were to secure the largest single block of seats in Parliament (after the Whites, of course).

Nor is that all. The original timetable has slipped by four months not for mechanical or procedural reasons, as the Executive Council at first tried to make out, but because there is a major political disagreement between the Ndebele and the Shona over the issue of reserved seats. If the White minority can be protected in Parliament, say the Ndebele, then the same should go for the other, much larger minority, and they are claiming equal representation with the Shona, that is 36 seats each in the transitional government. One of the Ndebele representatives in the transitional government, Chief Ndiweni, has resigned over the issue and, like the extreme right-wing White Rhodesia Movement, is calling for the country to be turned into a Federal state.

Just where Mr. Ian Smith stands on this issue is not entirely clear. He told me last week that it was a difficult question with strong arguments on both sides, from which it might be deduced that he is leaving the Africans to find a solution between themselves. There are some people, however, who believe that he is actively encouraging the Ndebeles in their argument, on the grounds that this just might lure Joshua Nkomo off the battlefield and into the political arena. Whether an artificial equality in Parliament is really compatible with ordinary notions of democracy remains an open question, but then it is also questionable whether ordinary notions of democracy can be made to work in a country where tribal antagonisms are complicated by the rivalry of five contenders, two of whom have armies in the field.

Inauspicious outlook

None of this adds up to a very auspicious outlook for all-party talks. Senator Chief Chirau believes that elections will not be satisfactory unless there is a cease-fire, and that therefore there must first be a negotiated settlement between the external and internal political leaders, even if this means a further postponement of the elections. This has a lot in common with the Anglo-American position, and it makes sense—if it can be made to work. But so long as Mr. Nkomo and Mr. Mugabe believe that they can win complete victory on the battlefield, it is hard to see why they should submit to the ballot box.

On the face of it, there are only two possible ways to stop the war, though neither can be relied on to do so. The first is that Britain and the United States should exert pressure, either by promising more aid or threatening to withdraw aid, on the five Black states which are sponsoring the Patriotic Front (Zambia, Tanzania, Angola, Mozambique and Botswana). There is so far no evidence that this course has been taken, though there is speculation that the U.S. is contemplating the idea of a global southern African development scheme, as the counterpart of a political settlement in Rhodesia.

The other option is for the internal settlement to go ahead, since this is the only form of leverage which is effectively available to the Black and White leaders inside Rhodesia. But this leverage will work only if it looks as if the new timetable will be adhered to.

A combination of the two strategies — all-party talks followed by elections on the present time-table, even if it is on the basis of a revised constitution—will only work if it works very fast. On the present timetable, the new constitution is due to be finalised by December 22, and submitted to a new session of the White-dominated Parliament on February 6, with elections scheduled for April 20. If by February 6 Mr. Smith can promise an end to the war, give or take some residual banditry in the rural areas, he may be able to persuade the Whites to accept a constitution which offers more to Mr. Nkomo and Mr. Mugabe, even if it offers less to the Whites.

If he cannot, then the internal settlement may well go ahead (assuming the Shona and the Ndebele can agree), and Rhodesia will acquire an unstable Black government, with the prospect of a continuing war.

Mr. Cledwyn Hughes has an unenviable task ahead of him.

MEN AND MATTERS

Rivals with a mutual enemy

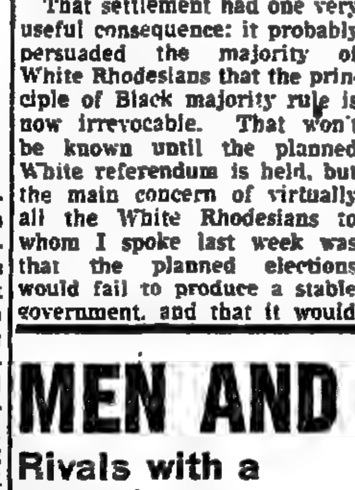
I hear that Birmingham has won the latest round in the long hard tussle with the capital to draw the cream of international exhibitions. Birmingham's National Exhibition Centre, fresh from the triumph of attracting the Motor Show, is to stage international show-jumping championships in February and March next year, an event which it is hoped to alternate with Essen in Germany.

The coup was engineered by Roy Taylor, who has been freshly appointed to take charge of non-exhibition events. He was with the Earls Court-Olympia complex before heading northwards, and his visions of circuses, cycling, boxing and world tennis to fill the blank exhibition days.

Despite hotel accommodation stigmatised as "inadequate" in confidential trade surveys, and a general reluctance to travel to the provinces, the Birmingham centre has the edge on Olympia in offering seating for 8,000.

The NEC can also build on the fact that Olympia will be out of action in May and June during the Soviet Exhibition.

Whether the future will look quite so rosy for either Birmingham or Olympia depends on the Government's decision about the £55m Trade Mart proposed for Surrey Docks. Its 1,000 permanent Thameside showrooms would generate an ill wind for both of them.



Badge of shame

A reader of this column queries my translation last week of the ideograms on a Japanese workers' badge. I said the characters meant "more bonus." Romanie Dobbs, B.A. Hons (Japanese), tells me they mean, loosely, "stick together." Yet another reader says they were misprinted and mean nothing at all.

I depended for my translation on the British shop steward who carried the badge back from Tokyo. Could it be, I ask in mitigation, that he regarded the two apparently diverse translations as identical?

Following the fox

So far 80 Welsh foxes have undergone the demeaning experience of being trapped and kitted up with a radio transmitter. The fact that their new necklaces have gold bonds — in the radio circuits—is probably little consolation. Come Christmas, foxes in the less rural area of North London may find themselves subjected to the same treatment, or so the Ministry of Agriculture tells me.

The reason is a little-publicised research project aimed at finding out more about the animal's habits. The task may prove vitally important if—or, as some experts insist, when—rabies returns to Britain. The main carrier of the disease will be the fox, which would have to be wiped out as quickly as possible. In spite of the depredations of hunters, we have more foxes than mainland Europeans. Increasingly they live in towns.

"Particularly in the last 25 years they seem to have colonised certain areas," Gwyn Lloyd, one of the ministry team says. "One of the reasons is probably the ribbon development in and around towns. Foxes get marooned in islands of green surrounded by houses."

Bristol, Birmingham, Bournemouth and London have fox populations as large as almost any rural area, he adds. When the voles and mice run out, the urban fox has reason to be grateful for suburban man's dutiful Sunday lawn-mowing: it makes it easier to get at the worms.

Minus fare

Not to be outdone by Freddy Laker, Air Florida is pioneering the ultimate in low fares—by paying the passenger to fly. To introduce its service from Miami to Nassau in the Bahamas the company is next week offering free round trips—admittedly for only two days—and handing each passenger a dollar. It should ensure some Laker-style queues too.

Up the line

After a year at the end of the (Bakerloo) line John Groves is now moving one station closer to Whitehall. He is leaving the Department of Health and Social Services (Elephant and Castle) to become the new director general of the Central Office of Information (Lambeth). But as he admits himself he would rather be north of the river—in the area where he made a mark as one of the up-and-coming men in the latter days of Macmillan.

Grove's career with the Civil Service has seen him acting as deputy press spokesman for Macmillan, setting up the information division of the Department of Economic Affairs, and spending nine years running public relations for the Ministry of Defence.

It was never clear whether he was happy at being moved to the DHSS. Perhaps it was a case of never having had it so good since leaving Number 10? I asked. "Oh at defence yes," he replied, "though Number 10 was much more concentrated."

Groves, 56, was not sure that the COI would prove more relaxing than his fairly hectic times at the DHSS: "Problems always come up." But he was "delighted" at the posting, even if the COI has less of a "spokesman role" than his previous jobs and is less involved with ministers and day-to-day policy. He agrees with the Duncan and Berill findings that Britain's image abroad could be helped by ensuring better liaison between the foreign press corps in London and the government: he argues that the Foreign Office has good relations with foreign journalists, though the home departments should improve their work in this field.

When I asked if his experience led him to favour some American-style Freedom of Information Act he was quick to reply: "I think a great deal can be done without going that far."

Rough ride

Not for nothing are Cabinet ministers supplied with a car and a chauffeur to drive it. According to the magazine Taxi, the Prices Secretary, Roy Hattersley, suffered such a wigging from a disgruntled cab-driver last week that he proffered a fiver for the 85p fare and fled.

Observer

British Gas has a new gadget for testing pipelines. **David Fishlock** reports.

A pig hoping for a big market

OVER THE next few years a one-ton electronic robot will travel the length and breadth of Britain, a few feet beneath the ground. Silently it will survey a £1.3bn investment in 7,000 miles of high-pressure transmission pipeline. Its job will be to satisfy British Gas engineers that no damage to or deterioration in their buried pipeline could reach the point of presenting a public hazard.

Few major engineering ventures outside the defence sector can have been developed in Britain with as little publicity as British Gas's on-line vehicle, more colloquially known as the "intelligent pig." It has cost about £9m to bring the pig to the stage where a £400,000 prototype made its first test runs in the gas grid. Earlier this year, however, Sir Denis Rooke, chairman of British Gas, authorised a step change in financing for the project, increasing it to about £6m a year. He believes that the corporation is on the brink of a technology it could market worldwide in the 1980s.

The sonic pig used by Shell to find the break in the Brent North Sea pipeline system is a far less sophisticated animal, and it also requires independent receiving equipment on the surface above the pipeline.

As he tells the story, 10 years ago Sir Denis, an engineer and the board member then *responsible for production and supply*, said to his engineering research chief: "I want a tool and I want it in seven years." "Ten," said the scientist. "Done," said Sir Denis.

The tool he needed was a robot intelligent enough to travel the high-pressure transmission grid pinpointing any corrosion, cracks, dents from bulldozers, etc—in short, any flaw which might initiate failure in pipes which were subject to gas pressure of up to 1,000 lbs per square inch. The alternative, as he saw it, would be to repeat at regular intervals the hydraulic proof pressure testing at nearly double the working pressure to which the UK pipeline is subjected before being put into service. This would be a costly and highly inconvenient procedure, which could even mean duplicating much of the network.

Pig is the term pipeline engineers use for tools pushed or pulled through their pipes, usually to clean them. As defined by Sir Denis, the pig took *on a new meaning, for the task* calls for a specification tough even by the standards of the torpedo or guided missile it most closely resembles. Mr. Gerry Clerehugh, the project leader and his deputy Dr. Ernest Shannon, were both recruited from the aerospace industry.

In the early years of the development several commercial companies offered pigs they claimed would pinpoint flaws. The researchers at British Gas's Engineering Research Station near Newcastle on Tyne examined their claims and concluded that they did not meet British Gas's requirements. The basic aim of the research team was to provide lifelong assurance of the integrity of the system. Once this had been achieved they could have a valuable property which might be licensed as a service to pipeline operators all over the world.

From that point a tight security blanket has shrouded most aspects of the pig's development. At the Engineering Research Station prototypes are assembled in facilities restricted to the project team. At Harwell, where British Gas has spent nearly £4m on one crucial aspect of the problem, the project has its own laboratories and a dedicated manager and team. What they are safeguarding, of course, is the cash and dedication invested in engineering a comprehensive inspection system.

Briefly, the problem was *defined* at the outset as *having* five major objectives. First, it had to employ an on-line inspection method which could be used without interrupting the operation of the gas grid. Second, it had to be capable of locating all significant defects. Just what "significant" means has been one of the toughest problems to solve—it's not enough just to claim that it will *find some defects, says* Mr. Clerehugh.

Third, it had to measure the size of the flaw accurately, so that the pipeline engineer could make a judgment of what to do about it, and when. Fourth, it had to be capable of automatically analysing the data so that decisions could be taken quickly if serious trouble were found. Finally, it had to be able *to locate a flaw accurately* enough to reach it by digging a 10-ft square hole.

Some idea of the scientific *effort* invested by British Gas can be gained from the fact that the best paper they could turn up on the hydrodynamics of pipelines was one dealing with pneumatic conveyors of the kind haberdashers once used to handle cash. As the years went by, *more and more of the* resources of the Engineering Research Station were devoted to the pig. For example, about 30 ways of sensing flaws were studied.

Two were finally chosen, for the two basic types of flaw deemed to be significant. Furthest advanced is a magnetic method of detecting loss of metal on the *outside of the pipe*, through corrosion or damage.

The on-line inspection vehicle now being deployed is a cylindrical machine travelling on wheels and almost filling the bore of a 24-in pipeline. It is driven through the pipeline under normal operating conditions by creating a differential pressure across it, which produces the equivalent of 10-20 hp, propelling it along at 5 to 8 *mph. Hydraulic brakes* limit its speed during descents for example, where the pipeline plunges for 90 ft vertically to cross the Manchester Ship Canal.

Packed into the pig are magnets to magnetise the pipe wall. Arrays of sensors, like rings of fingers, brush the inside wall as the pig travels, picking up any perturbations in the magnetic pattern. Behind the technique—well-established in non-destructive testing—lies a wealth of new understanding about the physics of magnetic flaw detection, claims Mr. Clerehugh. "It was an eye-opener to me."

Sealed up inside the pig are a data acquisition unit and a miniaturised magnetic tape recorder. They will eventually process and store enough data *to "fingerprint" every inch of* steel in a 50-mile stretch of pipeline. A run of this length yields 400m bits of data.

The pig was first put through its paces, on a British Gas test site near what once was the infamous Blaydon Races' racecourse. *Here it was taught to* navigate bends of up to 90 degrees and sharp descents under full gas pressure—manoeuvres *which can produce* surprisingly high G-forces. It was calibrated for all the different sources of steel—UK, German, Italian, Swedish—found in Britain's gas grid, and programmed to know precisely where it was in the pipeline—at any given moment.

According to Mr Clerehugh, the scientists now understand their *flaw detection system well* enough to measure the depth of metal erosion to within 2-3 per cent of the actual figure. The margin of safety designed into the grid, they say, is great enough for the engineers to ignore any flaw of this kind in which less than 40 per cent of the wall thickness has been penetrated.

The magnetic pig, it is believed, can find 90 per cent *of the flaws occurring in the gas* grid. It has now been tried out in eight of the 12 regions, chiefly inspecting stretches of pipeline with different characteristics.

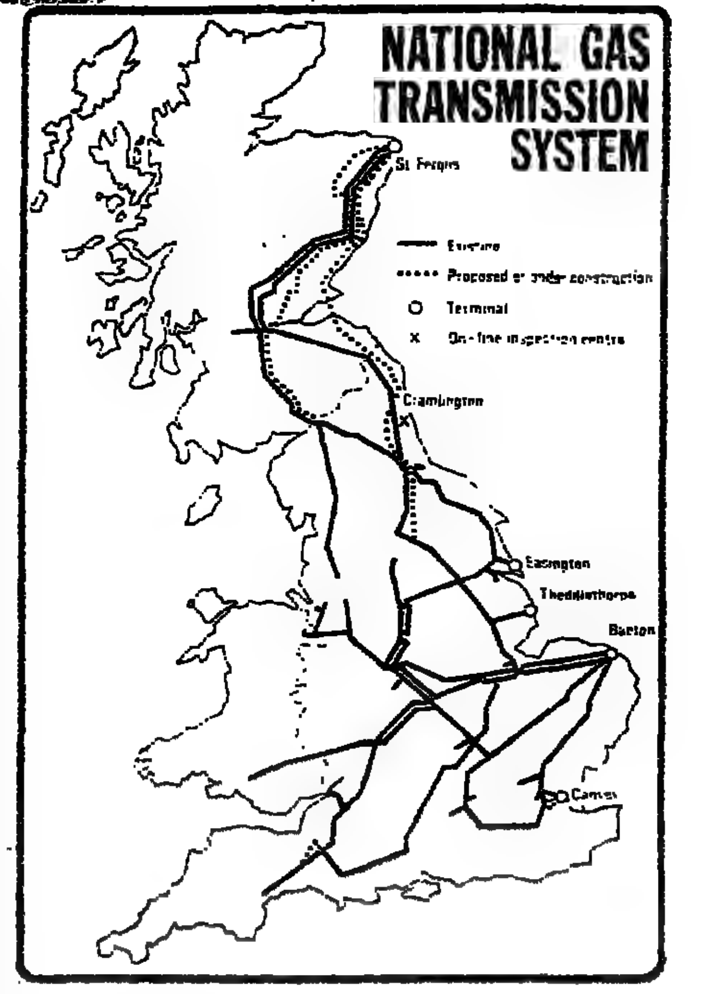
For the remaining 10 per cent of flaws a different inspection method is needed. These flaws are cracks, for which they have commissioned the Non-Destructive Test Centre at Harwell *to develop a technique* based on elastic wave (sound-wave) techniques. The Harwell development is to be used in another, lighter pig — only 1,000 lb, because it does not need big magnets—expected to be ready for service in 1980.

What Gerry Clerehugh has embarked on this year is the task of turning a major R and D venture into a new engineering service. He has been appointed director of British Gas's new on-line inspection centre at Cramlington, where a former Courtaulds weaving shed is being refurbished for his engineers. Here he will assemble his pigs in "clean rooms," in a variety of sizes—at "production-line" costs of £250,000 or more apiece—to inspect pipelines from 42 down *to 12 inches diameter.* Some idea of the engineering problems of shrinking the pig from 24 to 12 inches diameter can be gained from the fact that it will have only one-eighth of the volume available. It will take another three years and a lot of advanced technology to master the problems of micro-miniaturising the magnetic pig to this size, he says.

The centre itself is a £2.3m industrial investment—one of the very few at present in the North-West. It will have a staff of 175 by next spring plus its own laboratories, design offices, and large computer on which to analyse and eventually store the *records on 7,000 miles of pipe*-line across Britain. Present plans are to repeat routine inspections every five years and *compare records for any sign of* deterioration. It is the first time, believes Mr. Clerehugh, that an R and D Activity in British Gas has metamorphosed into a new engineering service.

Meanwhile the pig has already attracted widespread interest among pipeline engineers. North America, for example, boasts some 30 times *as much pipeline as* Britain, some of which has been in operation three decades or more. Worldwide, it is estimated that there are upwards of half-a-million miles of oil and gas pipelines whose operators are potential customers for a regular inspection service. "And no one else has come anywhere near, because no one else has had the dedication we have," says *Sir Denis confidently.*

British Gas's "intelligent pig" starts a tour of inspection through the natural gas transmission grid, at the corporation's test site at *Low Thornley* near Newcastle.



Letters to the Editor

Financing aircraft

From Mr. S. Matthews

Sir,—The City of London will back any worthwhile investment project, and its financial expertise cannot be questioned! This widely-held view is, for one important element of banking, a pure myth.

"Big ticket" asset financing is a key component of modern banking. It relates typically to ships, large computers, process plant and aeroplanes. Shipping is (and will remain) in the doldrums, large computers are out of fashion, plant is fraught with technical complexity and resale risk. The financing of commercial aircraft will unquestionably become even more important in the future.

During the past few months I have been raising finance in sterling to purchase three aircraft for a new British airline. Appropriate offers were received from Japanese, American and German financial institutions.

To my surprise, direct approaches to no fewer than 22 British banks and finance houses produced not one positive response. "How many North Sea oilwells would you pledge as security" was the typical if rhetorical reaction. British houses seemed incapable of viewing an aeroplane as anything more than a convenient means of passing capital allowances back to head office. Unlike their overseas counterparts, City executives did not really know which questions to ask.

Having spent some years myself in the City, I am disturbed and saddened by this apparent surrender of an important aspect of banking to overseas competition.

Stephen Matthews,
25, Craven Lodge,
Craven Hill, W2.

Home grown produce

From Mr. A. Gooding

Sir,—Earlier this year it was widely reported that UK growers of lettuce were ploughing in their spring crops because the markets were being swamped with imported products, notably from Holland. We were one of the sufferers.

This situation continues, and the depressing effect of the apparently unrestricted influx of Continental and other imported produce on the efforts of our horticulture industry seems to produce little evidence of concern from our Government and others who should be vitally interested in seeing home production expand—in the interests of both profit (and tax) and employment.

Perhaps the most absurd expression of this situation is that one very well known High Street store chain, which hitherto I understand, has made a strong selling point of the high content of UK products in its sales, was recently selling capsicum (green and red peppers) from the U.S. at 48p per pound.

There are plenty of home growers, *including ourselves*, who would be happy to supply such products at prices which would enable all shops to sell at a good profit—but with significant savings in foreign exchange and undoubtedly offering the customer a fresher product.

Without question the UK growers still offer best value for money, but they need the support and encouragement of everyone to withstand these unnecessarily difficult conditions.

A. M. Gooding.
Old Mill Nurseries,
Stanford in the Vale,
Faringdon, Oxon.

The rate for PR

From the Press Officer,
Public Relations and
Information Industrial Council
National Union of Journalists

Sir,—On November 14 Michael Dixon in "The jobs column" quoted the survey from Reward which gave a thrice yearly table of salary indicators. Among the posts listed were public relations executives, aged 33-37, with a median of £4,450 for professionally qualified people. This is the lowest figure in the table and on National Union of Journalist findings is utterly unrealistic.

The NUJ, with some 2,000 members employed in public relations, would consider that figure low for a junior executive with less than five years' experience. For a PR executive in his mid-thirties £7,000 to £7,500 in London and the Home Counties and £6,000 to £7,000 in the rest of the UK are the levels which approximate to adequate payment at present.

A salary survey conducted recently by the Union of members in a wide range of PR jobs outside London has shown that the figures I have quoted are what an employer should expect to pay to an experienced man or woman.

I trust that no prospective employer will take Reward's table as a reliable guide!

K. J. Ley,
42, Cannonbury Avenue,
Pinner, Middx.

Efficient use of fuel

From the Director General,
Confederation of British Road
Passenger Transport.

Sir,—We all know there are lies, damned lies and statistics. What I cannot tell is where Mr. Tankard (November 23) obtained his figures on relative efficiency of bus and train fuel consumption.

While I do not doubt that there are exceptions, the generality of figures which I have seen in this connection (and they are many) indicate that, in comparable circumstances, the bus and coach are more efficient fuel users than the train. In its transport policy document in 1977, the Government actually said: "Bus travel, and then train travel, is less energy-intensive than travel by car or aircraft, whether on the basis of full load or of average load comparisons."

Denis Quinn,
Sardinia House, 52 Lincoln's
Inn Fields, London.

Taking a decision

From Mr. F. Whitehouse

Sir,—Mr. Christopher Benson (November 24) as general secretary of the Institution of Works Managers may preen himself on his effort with your readers to clear his "ain folk" of anything critical or derogatory that Prof. Brian Wilson says of managers. But for anybody who has worked alongside his "angels" over the years he is plainly talking pure poppycock.

Toffee-nosed as his members may be about their "qualifications" they are a very long way from God-like in the daily grind and wouldn't escape their share of whipping for misdeeds and managerial sins if there was justice in the land. And it's absolute nonsense to suggest otherwise.

The idea that his members are all the time superior to their circumstances and never at a loss because of their qualifications is ludicrous. If he hasn't seen any of them "unnerved" in tricky situations or workshop battles as to who shall rule the roost, I have. And I'm not alone.

In any case, he can't possibly know the individual performances of all his members, and if it's enough for him that they have the right label he's hardly making a sensible contribution to an acute question of managerial competence. Telling the world "it's not my lot to blame, Mister" is shop-stewards' lingo and the FT deserves better.

If we were on the shop floor together I would say, "Come off your rickety pedestal, Mr. Benson, before you fall."

F. Whitehouse.
135, Ecclesfield Road,
Chapeltown, Sheffield.

Inflation and mortgages

From Mr. B. Kilroy.

Sir,—Readers should think twice about the advice on endowment - linked mortgages now being given by your savings and investment columns on Saturdays. That of November 18, which compares the "real" cost of conventional building society mortgages with such schemes, does nothing of the sort.

It was supposed to test the comparison under different rates of inflation—of nil, 5 per cent, 10 per cent respectively—using the present mortgage rate of 9¾ per cent throughout and then discounting to real costs by using the assumed inflation rate as the discount rate.

Such calculations are invalid except when the inflation rate is 10 per cent, at which point the differences between the two types of mortgage are negligible —especially as the surcharge rate for endowment schemes isn't recorded.

The author of the study quoted should have recognised that borrowing and inflation rates move broadly in tandem. To hold the mortgage rate at 5 or 10 per centage points higher than inflation for 25 years is a nonsense. Under these assumptions, of course, the conventional mortgage looks more expensive at nil or low rates of inflation if correspondingly nil or low rates of discount are used. Then in the later years conventional mortgage payments remain a "high" debit whereas the cash endowment becomes a "high" credit. But if you do the arithmetic wrong, you can't fail to draw the wrong conclusion.

Bernard Kilroy,
104, Princes House,
Kensington Park Road, W11.

Vehicles in the net

From Mr. D. Smith

Sir,—While I look forward to the demise of vehicle excise duty, I discern a big con trick about to be perpetrated on the public and it would appear your news analyst Mr. David Freud (November 22) has already fallen into the trap.

The Chancellor increased petrol tax last year by 5p per gallon to yield £300m in 1977/78 yet poor Mr. Rodgers only expects to obtain £840m from a further 19p per gallon in 1978/79 figures. How naive does he think we are?

Based upon a conservative assumption that petrol sales increased last year only in proportion to the number of road vehicles, a 5p increase in 1978/79 should yield £300m × £840m ('78/9 road tax) ÷ £750m ('77/8 road tax) = £336m. It therefore follows that the required increase per gallon to produce £840m in 1978/9 figures equals £840m ÷ £336m × 5p = 12½p.

In arriving at its proposed 20p increase, it would appear that the Department of Transport has omitted to mention the wider catchment area of petrol tax, e.g. all petrol driven vehicles.

D. M. Smith,
5, Balmore Court, Kilmacolm,
Renfrewshire.

Tax on petrol

From Mr. R. Steed.

Sir,—Your article on car tax (November 22) seems to lack logic in its closing paragraph. If the Exchequer receives £840m from the 16m taxed cars on the *road what proportion of cars are* thought to be untaxed? Having ascertained this, there would be more money being collected through petrol tax; because even illicit cars cannot run without petrol surely 19p per gallon is unrealistic. Perhaps there would be no increase?

R. K. Steed
Lucas CAV,
Newton Road,
Sudbury, Suffolk.

Internal 'phone charges

From the Director, Public
Relations, Post Office

Sir,—Your correspondent, Mr. A. Varney (November 22) is mistaken in seeing any contradiction between the Post Office's freeze on basic telecommunications prices and the increases in rentals for private internal telephone systems. The Post Office has never made a secret of the fact that its self-imposed price freeze applied only to main services.

Yes, the basic charges for telephones, Telex and other main services will remain unchanged until at least April, 1979—meaning three and a half years of price stability. In fact, the Post Office has actually reduced some telecommunications charges.

But, let us make it clear that internal telephone systems are quite a different matter. They are not connected to the public network and do not therefore generate revenue from public call charges. And because they are not fully under the control of the Post Office, internal telephone systems compete on the open market.

For the past three years they have been making a heavy loss, and the Post Office feels it is unreasonable to expect users of its public services to go on subsidising internal telephone systems. Mr. Varney might also like to know that even with the new higher rates for such systems, the Post Office will only be just about in line with the charges of its competitors.

Finally, let me reassure Mr. Varney that there is no question of restrospective price increases *here. Charges for internal tele*phone systems are billed annually in advance, and the new rates become effective on the renewal date. So until February, 1979, Mr. Varney's company will be benefiting from renting its Post Office system at the old rate.

Peter H. Young.
Post Office,
Central Headquarters,
23, Howland Street, W1.

Today's events

GENERAL

Prime Minister and Chancellor of the Exchequer attend full Parliamentary Labour Party meeting on economic problems and European Monetary System.

Mr. James Callaghan meets Mr. Gaston Thorn, Prime Minister of Luxembourg, in London.

Mr. Roy Jenkins, President of the European Commission, meets Italian Prime Minister, Sig. Giulio Andreotti, in Rome.

Trade talks begin between China and Japan in Peking.

West German steel industry union (IG Metall) strikes for reduction of working week to 35 hours.

Irish Prime Minister, Mr. Jack Lynch, meets Chancellor Schmidt in Bonn.

Railway Staff National Council meets to discuss drivers' productivity.

Financial Times' two-day conference on World Banking in 1979 starts in Zurich.

PARLIAMENTARY BUSINESS

House of Commons: House of Commons (Redistribution of Seats) Bill, second reading. Motion on Employment Protection (Variation of Limit) Order and Unfair Dismissal (Increase of Compensation Limit) Order.

House of Lords: National Land Fund Bill, second reading. Report of EEC Committee on Misleading Advertising. Short debate on proposed European Monetary System.

COMPANY RESULTS

Final dividends: John Carr (Doncaster). Comet Radiovision Services. Leeds and District Dyers and Finishers. Stockholders Investment Trust. **Interim dividends:** Airfix Industries. English and Overseas Investments. Fine Art Developments. Hicking Pentecost and Co. Parkland Textile (Holdings). Tecalemit. Transparent Paper. **Interim figures only:** Penwick Group.

COMPANY MEETINGS

AB Electronic Products, Park Hotel, Cardiff, 11.30. Amber Day, Churchill Hotel, Portman Square, W, 11.30. AGB, 78 Shoe Lane, EC, 12. Consolidated Gold Fields, Dorchester Hotel, Park Lane, 11.30. J. and J. Makin, Town Hall, Rochdale, 2.30

COMPANY NEWS

Tricentrol refinancing £60m credit facility

NOW THAT oil is flowing from the Thistle Field in the North Sea, Tricentrol has arranged to replace the bulk of its Government-guaranteed production loans with a straightforward commercial facility for £60m.

Early in 1976, Tricentrol raised a £60m credit facility through a Government guarantee in order to finance its share—9.65 per cent—of the Thistle Field. This is rated the sixth largest commercial field in the NK North Sea.

Tricentrol was a comparatively small company and in order to raise the funds needed it turned to the Government for aid. The terms of the facility meant Tricentrol paying a 5 per cent royalty on the proceeds of production in addition to normal interest charges.

Repayment of the facility—on which Tricentrol had drawn £37.6m—was due in mid-1980.

Now Tricentrol has arranged a £60m facility with an international consortium of banks headed by Barclays and including First National Bank of Chicago, Manufacturers Hanover, Midland Bank, and the Royal Bank of Canada.

At the end of the month the company will draw down £48m of that facility. The first £40m will go to reduce the Government-guaranteed loan to £20m with the effect, as the company points out, of limiting the royalty liability.

A further £4m will be put to repaying and cancelling a £10m facility raised last April, and the *remaining £4m will be held for a* variety of outgoings on Thistle, including construction and finance costs, which fall due in the next few weeks.

The new facility has an additional advantage to Tricentrol in that the terms allow a proportion of the funds, while secured on Thistle, to be spent on other business in the group, including further exploration.

The consortium loan is budgeted to be finally paid off by the end of 1989, with the first £5m tranche due for repayment by the end of next year. The average rate of interest is thought to be 1½ per cent above LIBOR. The original loan bore a rate of 1¾ per cent above LIBOR, while the guarantee was in force, and 2½ per cent above once the guarantee was due to expire.

See Lex

INDEX TO COMPANY HIGHLIGHTS

First half lift for S & U

DESPITE a loss of £181,548 in its manufacturing division, profits of S. and U. Stores, now primarily engaged in consumer loan credit, rose from £181,349 to £204,147 for the six months to July 31, 1978. Last year the group achieved a turnround from a loss of £146,413 to a £531,927 profit.

Mr. Derek Coombs, the chairman, says that the manufacturing division also suffered the withdrawal of special employment tax and that while top management changes have taken place, the directors can see no real reversal of fortunes until the next financial year: "We shall then reap the benefit of increased orders now being generated for the spring and summer delivery period."

Profit of the consumer loan credit division for the first half was £385,495 and the chairman says the result is "obviously encouraging." Divisional expansion is progressing according to budget, he adds.

Again there is no interim d[illegible] on the 12½p ordinary shares.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
R. Kelvin Watson ......int.	1.21	Feb. 1	1.1	—	2.38
Matthew Brown	3.28	—	2.92	4.38	3.92
Chamberlain Phipps ...int.	1	Jan. 8	0.9	—	‡2.14
Craig & Rose ....int.	2.1	Jan. 9	2.1	—	23.97
J. H. Fenner	4.48	—	3.95	7.48	6.7
Home Brewery	4	—	3.84	4.7	4.54
Prop. & Reversionary int.	2	Jan. 17	2	—	§5.16
Stag Line	5	Jan. 3	7.6	5	11.4
Streeters ....int.	nil	—	*0.83	—	*1.69

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.019p now payable. § Additional 0.05p now payable.

Expansion at Property and Reversionary

PROFITS BEFORE tax of the Property and Reversionary Investment Corporation expanded from £505,000 to £626,000 for the half-year to September 30, 1978.

In June, the directors forecast an increase of about 10 per cent in pre-tax profits during the current year.

Profits included dividends and interest receivable amounting to £131,000 (£123,000), but were struck after higher property outgoings and management expenses of £281,000 (£238,000) and interest payable of £97,000 (£65,000).

Tax takes £297,000 (£234,000) and after £1,000 minorities last time, available profits improved from £270,000 to £329,000.

Stated earnings were higher at 4.7p (3.8p) per 25p share, while the interim dividend is maintained at 2p net, with an additional 0.05p for 1977-78—last year's final was 3.16p.

Stag line pays 5p final

AFTER crediting exceptional items of £678,418 against £533,743, Stag Line reports a profit before tax of £619,327 for the year ended October 31, 1978 compared with £835,303 in the previous year.

	Year 1977-78 £	1976-77 £
Turnover	[illegible]	[illegible]
Trading profit	[illegible]	109,120
Depreciation	301,579	[illegible]
Loan interest	[illegible]	—
Investment income	[illegible]	125,573
Loss	59,091	*200,952
Exceptional credits	678,418	533,743
Profit before tax	619,327	835,303
Tax	[illegible]	[illegible]
Available	[illegible]	[illegible]
Dividends	[illegible]	140,[illegible]
Retained	[illegible]	194,023

* Profit.

At midway, the group incurred a deficit of £157,981 (£337,034 profit) after exceptional debits of £125,474 against a £412,872 credit. The directors said then that it was expected the year's result would show a profit before tax after surpluses arising on the sale of one ship and a recovery from underwriters, which was estimated to realise a surplus of some £650,000.

After omitting an interim payment, the directors are recommending a final of 5p per share for the year. In 1976-77, the total dividend was 11.4p including a 7.6p final pre-tax profit for that year totalled £172,000.

Profit up at Home Brewery

TRADING PROFITS of Nottingham-based Home Brewery Company improved slightly from £3.63m to £3.68m in the year ended September 30, 1978.

Other income was higher at £654,000 against £610,000 and there was a £339,000 (£174,000) surplus on disposal of assets.

Tax takes £2.3m against £2.12m. A final dividend of 4p raises the total from 4.54p to 4.7p.

An amount of £58,000 (£53,000) is retained by subsidiaries and net profit of the parent company is again £1.49m.

Progress for Craig and Rose

From turnover of £2.09m against £1.63m, taxable profits of Craig and Rose, paint manufacturers, were ahead from £90,847 to £117,391 for the first half of 1978.

After tax of £60,000 (£48,000) net profits rose from £42,847 to £57,391, giving stated earnings of 55.8p (40.8p) per £1 share.

The interim dividend is maintained at 2.1p net—last year's payments totalled 23.97p from £232,000 pre-tax profits.

Chamberlain Phipps rises 22% to £1.5m at six months

FOR THE six months to September 30, 1978, taxable profits of Chamberlain Phipps climbed 22 per cent from £1.24m to £1.51m, on turnover up 15 per cent to £28.05m.

Mr. W. R. F. Chamberlain, the chairman, says each division of the group, which makes components and materials for the footwear, clothing and automotive industries, improved profit compared with the same period last year, and the contribution from its overseas companies was particularly good.

One of the strengths of the group is the diverse nature of its products both in the UK and abroad, states the chairman, and in consequence he anticipates another year of good progress.

For the whole of the previous year, pre-tax profits of £3.18m were achieved.

Stated half-yearly earnings increased from 3.07p to 3.87p per 10p share and the interim dividend is raised to 1p (0.9p) net, with an additional 0.019p for 1977-1978 on ACT reduction—last year's final was 1.239p.

● comment

Chamberlain Phipps has been *firing on all cylinders during the* first six months and there are no signs of a slowdown, so the full year looks to be heading for around £3.9m pre-tax. The UK footwear sector is undergoing a gradual revival thanks to the Government's efforts to curb imports and create better communications between the retailers, manufacturers and component suppliers. That factor plus the trend towards lightweight footwear, where CP has more of the component market, helped push profits from UK footwear up from a third to 40 per cent. The general industries division (including automotive parts) and the overseas division (mainly footwear) which also takes in UK exports each produce about 30 per cent of profits. The company is having a big drive into the U.S. on two fronts. At present CP is supplying the U.S. footwear market from its Canadian factory, but it hopes to open a U.S. factory by next July. At first it will be keeping its investment fairly small—the factory will be leased with an option to buy and the equipment will cost no more than £400,000. Meantime the company's car trim is undergoing tests with General Motors. Both these developments could be significant for the future. Meantime the shares, which rose 3p to 44p yesterday, look good value. The prospective p/e (taking a line through the interim tax charge) is 4 and the yield is 8.2 per cent, though the company may be able to improve on the basic dividend 10 per cent increase.

ISSUE NEWS

Yorkshire Spinners £150,000 rights

A £150,000 cash call is being made by Yorkshire Fine Woollen Spinners, the Bradford-based wool and yarn spinning company where Mr. Ferguson Lacey's Birmingham and Midland Counties Trust recently took a 15 per cent stake.

The cash call is a rights issue of 589,760 ordinary 20p shares on the basis of three-for-five at 28p each. In the market the shares fell 2p to 40p.

The main reason the company wants the extra cash is to help finance its expansion into the quality end of woollen spinning. The company moved into more up-market yarns to protect itself from competition from foreign *producers which is mainly at the* bulk end of the market.

However, to complete the change in product means extra machinery and the more expensive raw material has led to increased working capital requirements.

The issue has been underwritten by Manchester stockbrokers, J. Stephens and Co.

Torday joins Nightingale market

Newcastle-based electro-chemical engineering group, Torday, is the latest company to join the market conducted by M. J. H. Nightingale.

Last Friday, Nightingale placed 22 per cent of Torday's equity at 150p each and dealings start today. At the placing price Torday's market capitalisation is £2.3m.

The directors have forecast pre-tax profits for 1978 of £710,000 and at 150p the shares stand on a prospective p/e of 6.9 and yield 10 per cent.

Torday's primary reason for joining the market is to improve its access to capital markets and to fund further stages of its development programme.

It is anticipated that a further three to 5 per cent of the capital may be released to the market during the next 12 months.

The company was founded in 1946 by Mr. Laszlo Torday, a chemical engineer who graduated from the technical university of Budapest.

Over the past decade the company has diversified from its original business of electroplating into component reconditioning for marine diesels, manufacturing copper foil and making safety relief devices (bursting discs) for use in process plant.

Profits in the years from 1973 to 1977 expanded from £294,000 to £646,000 on sales up from £1.??m to £3.43m.

The addition of Torday brings the number of companies on Nightingale's market to 12.

IN BRIEF

BRITISH EMPIRE SECURITIES AND GENERAL TRUST—Results for September 30, 1978, year already known. Listed investments at market value in UK £1.09m (£2.59m), elsewhere £14,110 (£5,671), unlisted at directors' valuation £179,741 (£151,092). Net current liabilities £90,685 (£41,418). Net liquid funds increased by £70,000 (£75,000 decrease). Meeting, Saddlers' Hall, EC, December 20, noon.

Streeters pulling out of Saudi Arabian set-up

THE DIRECTORS of Streeters of Godalming report a fall in taxable profits from £370,000 to £249,000 for the first half of 1978 and state that the group is pulling out of its investment in Saudi Arabia.

Agreements have been entered into as a result of which the Board has written off the investment in Streeters Saudi Arabia and all current account balances owing by SSAL, except for £106,000; after allowing for tax relief, total amount written-off is £826,000.

After allowing for these write-offs the group's net tangible assets, as at June 30, 1978 came to £1.23m.

Under the agreement, Streeters has transferred its 40 per cent interest in SSAL to the Saudi Arabian shareholders. And the two principal Saudi Arabian shareholders of SSAL have agreed to indemnify Streeters against any claims arising from the group's guarantee of a bank loan to SSAL of Saudi Riyals 4.32m (some £650,000).

SSAL, for its part, has agreed to fulfil and perform Streeters contractual obligations under the Jeddah contracts and to indemnify Streeters against SSAL's failure to perform such contracts.

In addition SSAL has agreed to purchase, and Streeters to sell, all plant presently leased by Streeters to SSAL. This would be for a sterling consideration equal to the balance now due under the leasing agreement, the effect of which is to extinguish the balance of the cost of the acquisitions of this plant.

SSAL has also agreed forthwith to offer Streeters' staff in Saudi Arabia employment with SSAL to the completion of their existing contracts.

Streeters has agreed, in consideration of four quarterly payments of £26,500 to be made by SSAL to Streeters commencing April 1, 1980, to release SSAL from all outstanding loans from Streeters.

Streeters has also acknowledged that it is responsible for the claims referred to in the 1977 accounts. The directors consider that these claims can be disposed of without material liability.

Mr. K. S. Hewitt who has been managing SSAL during the last year will be continuing as managing director and accordingly he has resigned from the Board of Streeters Godalming.

First half profits of the group were on UK turnover, down as expected, from £5.15m to £4.99m. For 1977 a second half loss left the full year's pre-tax figure at a depressed £244,000.

The directors say that trading profits for 1978 in the UK will be substantially lower than for 1977, partly as a result of continued wet weather during the summer, and from labour difficulties in certain parts of the group.

Although the group is currently experiencing an upward trend in obtaining new work, the normal reduced activity during the winter months will involve, as usual, an increase in the level of borrowing.

The company has received assurance from its bankers that on the basis of current projections of trading, they will provide continued support.

Pre-tax figures included associate company profit £9,000 (nil) and was subject to tax of £129,000 (£192,000). Minorities took £4,000 (£10,000).

Loss came out at £710,000 (£168,000 profit) after the £826,000 provision for Saudi Arabia, giving a loss of 11.12p per 10p share compared with earnings of 2.63p. The interim dividend has been passed (adjusted 0.83p)—last year's final payment was 0.86p.

● comment

Less than six months after *reporting that prospects in* Saudi Arabia are much improved Streeters has written off its investment in that country. The Middle East excursion has cost it a total of £1,229,000 (£826,000 provision in the six months to June 30 and a net £403,000 losses in past years). By coincidence, the net tangible assets after the latest write-offs is exactly £1,229,000. The write-offs are the results of a detailed reappraisal of the Saudi Arabian position which followed a cutback on a large contract in July. Streeters has indemnities covering a £650,000 loan guarantee and there are £475,000 in contingent liabilities relating to Middle East work which directors are confident will be disposed of without material liability to the company. The decision to quit Saudi Arabia leaves Streeters dependent on the UK civil engineering trade for profitability. At the end of June UK revenue was down by 3 per cent on last year, pre-tax profit fell 35 per cent and margins dropped to less than 5 per cent. The next three months are traditionally tough on cash flow but, after speaking to its bankers, the company is confident of continued support. The share price dropped 2p to 20p on the news giving a market capitalisation of £1.3m, marginally above the net tangible asset figure at June 30. UK profits for the full year are expected to be substantially lower than the £786,000 earned last year which means that the company will report a loss for the year after the Saudi write offs. It has a cyclical profit record in the UK so it has much to do to restore confidence in its share price.

Matthew Brown ahead to £3.54m

WITH turnover ahead from £17.28m to £20.01m Matthew Brown & Co., brewer, reports pre-tax profits £0.44m higher at £3.54m for the year to September 30, 1978.

At the interim stage when profits rose £154,000 to £1.39m, the directors said they were hopeful of maintaining sales impetus and, thereby of improving the rate of profit increase in the second half.

Reported earnings are shown at 11.35p (12.88p) and fully taxed earnings at 10.14p (9p). The total dividend is raised from 3.92p to 4.377p with a final payment of £3.2773p net.

	Year 1977-78 £000	1976-77 £000
Group turnover	20,012	17,278
Trading profit	4,005	3,640
Profit on properties sale ...	77	77
Interest paid	6	[illegible]
Depreciation	547	486
Profit before tax	3,541	3,100
Tax	*1,554	921
Profit after tax	1,987	2,179
Minority profits	4	1
Available	1,983	2,178
Dividends	749	663
Retained	1,213	1,513

* Received. † Has been reduced by £236,554 (£387,800) being deferred tax not expected to become payable within the foreseeable future. This is a change of accounting policy and the 1977 figures have been restated accordingly.

● comment

Matthew Brown may have fallen short of its own interim forecast *of maintained volume growth* but an increase of roughly 4 per cent is still double the national average. After an impressive 7 per cent increase in the first half, the momentum in the second six months slowed down but profits are still 14 per cent better and margins have survived despite the brewery sector's unofficial price freeze since February. This says much for the company which nonetheless is only modestly rated by the market—the fully taxed p/e of 10.7 at 110p is right in the middle of the provincial brewers' range while the 6 per cent yield is relatively high. Close on the completion of the successful lager investment — this now accounts for 17 per cent of total turnover—Brown is now planning to spend about £4m-£5 in the next five years. Renewed expansion will help reduce the higher tax charge and provide a solid base for at least the next ten years. Currently sales are following last year's second half pattern and like its rivals the company will be looking to a price increase early next year to help boost profits.

Winding up orders for 32 companies

Orders for the compulsory winding up of 32 limited companies were made by Mr. Justice Brightman in the High Court. They were:

Atlantine, Freightex, Samurai Security Guards, Hancon Marketing Enterprises, Croftview, Fidnway Construction, A. C. H. Johns and Co.

Budget Maintenance, W. E. Pinches, Glennorth, Herald Development Company, Ostadel Developments, Castleiites, Connaught Cameras, Fireball.

Metals for Melting, Heating and Plumbing Services, Hespar Products, Ivymead, Lexham Industrial, Johnson Nairn, Industrial Domestic Plumbing and Heating Services, Franses of Piccadilly.

G. F. Harland, New England Auto Auctions, Middlesprings and R. Brickman, Abercorn Construction, Modern Tube Development (Civil Engineering), Rothcastle, F. M. Morton and Sons and Eynescombe.

Peoples Stores has longer term potential

Peoples Department Stores, the Canadian group in which Marks and Spencer acquired control in 1975, is unlikely to yield a profit in the short term, Sir Marcus Sieff, the chairman, said yesterday.

But, he continued in his annual report, "we are confident it can and will be a profitable enterprise."

The Canadian group is being slimmed to three clear trading divisions, Marks and Spencer, Peoples and D'Allairds. The name of Peoples Department Stores, the holding company, is being changed to Marks and Spencer Canada Inc.

Sir Marcus said that the Peoples and D'Allairds divisions, operating variety stores and specialty stores respectively, will produce higher profits in the current year ending next July. But the Jossmal Marks and Spencer division sees its future in developing a chain of stores in the best malls in and around the major cities and towns.

What forces us to consider suspending publication of some of the best newspapers in the world?

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Yet unless we reach agreement with the Unions, we shall be forced to suspend publication of all these papers as from this Friday.

How has this incredible situation come about?

Continual stoppages; a recipe for bankruptcy.

The newspaper business is more vulnerable than most to industrial disruption. If we lose part or all of a day's production, we can't simply produce more next day, to catch up.

And every lost copy represents a lost reader, the potential loss of an advertiser, and lost revenue that we'll never be able to recoup.

In fact, if there was ever an industry in which everyone involved stood to lose through hasty industrial action, it's ours.

Yet since the beginning of 1978 alone, we've lost more than 12 million copies through unofficial stoppages. We've lost £2.7 million of the profit we expected to make; profit that could have been reinvested in the business, and passed on in better pay and working conditions.

If this continues, our newspapers will simply bleed to death.

That is why we said, months ago, we'll suspend publication this Friday, unless we can reach agreement.

Is there an alternative?

Yes there is.

We've made fair and wide-ranging proposals to the Unions who represent our staff. We're still negotiating, and are making substantial progress with most of them. Basically, our proposals are these:

1. We want to set up a system, that will be honoured by everyone, for resolving disputes – before, not after, copies are lost or disrupted, and the newspapers suffer yet another setback. Nobody pretends this is always easy; but we think our proposals are fair and reasonable, as well as being in everyone's long-term interests.

2. We want to replace old machinery and equipment, and to phase in gradually some of the 'new' technology that many papers elsewhere in the world have been using effectively for the last ten years. The craft Unions (understandably enough) have been worried about its impact on their members' jobs; so we've made proposals to meet this very real problem.

3. It's no secret that British newspapers are heavily over-manned in some departments. We want to reduce this over-manning; and again, our proposals include a deal that will make this possible without hardship.

What are we offering in return?

Easy enough to see how our proposals will benefit the newspapers. But what will the people who produce the papers get out of them?

1. Better pay and benefits.

Greater efficiency will allow us to create a self-financing productivity scheme. Every member of the staff will benefit; two-thirds of the estimated savings will be used for improved pay, six weeks holidays, sick pay and pensions. And the remaining third will be reinvested in the newspapers.

2. No-one has to leave.

Even though we want to reduce over-manning, nobody will be made redundant unless he or she chooses to be. We've promised that: and we've offered terms which mean that staff who do choose to go could receive what ITN described as the best offer ever made in British industry.

3. A better future.

We have great newspapers. We believe that if work and pay structures can be renegotiated along the proposed lines, they have a bright and expanding future; with better pay, benefits, cleaner and easier working conditions and prospects for everyone who works in them.

We are working hard to reach a fair and effective agreement. And when we get it, which we will, all our readers, newsagents, advertisers, and (above all) our staff, will have something to celebrate.

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مكتبة الأصل

BIDS AND DEALS

Complex plans to rescue Pennine

BY ANDREW TAYLOR

The loss-making Pennine Motors, which showed a £2,669 deficit in shareholders funds at the beginning of this year, has announced details of a complex series of deals which could leave shareholders and associates of the Prenwain property group holding a stake of up to 52 per cent in Pennine.

Under the terms of the deals, Pennine intends with its shareholders approval — to reorganise its borrowings and complete the purchase of Alion Estates, the caravan and mobile homes dealers.

Prenwain — whose shareholders already hold a 15 per cent stake in Pennine — has agreed to take over a £93,430 debt previously owed to Forward Trust, a subsidiary of Midland Bank. It is *proposed that this debt will be* cancelled and in return Prenwain will get 934,300 new Pennine *shares.*

On top of this Pennine will be issuing further new shares — up to 4m — to purchase Alion. The final purchase price will depend upon Alion's profit performance over the next three years. Alion has guaranteed that pre-tax profits — £27,950 in the nine months to July 31, 1978 — will *not amount to les than £210,000* over the three years.

Certain major Alion shareholders also have interests or associations with Prenwain and a maximum purchase price *for* the caravan dealer would leave this group of shareholders controlling around 52 per cent of Pennine.

Under the Takeover Panel rules this would normally trigger a request from the Panel for a full takeover bid. However, the Panel has agreed to waive this requirement provided the terms of the deals are approved by an EGM on December 19.

If the various deals are approved Prenwain will concert its existing £78,000 short-term credit facility with Pennine into a two-year loan, and will also provide guarantees to support a £120,000 new secured loan facility recently agreed between Pennine and Barclays Bank.

The effect of these transactions says Pennine—which showed £969,206 accumulated loss in its last balance-sheet—will be to turn a £2,669 deficit on shareholders' funds into a £218,366 surplus.

According to a pro-forma balance-sheet this *surplus* would compare with net borrowings of *£291,983 if the deals are approved.* Net current liabilities would be reduced from £230,159 to £64,123.

Mr. Geoffrey Tankard, chairman of Pennine, says in an explanatory document to shareholders that the Alion deal provided Pennine with an opportunity to purchase for shares a *profitable* business—at a time when a rights issue to raise new capital for investment was not a viable proposition.

The directors of Pennine not involved in the deals and the group's financial advisers, Joseph Sebag, consider the proposals fair.

Meanwhile losses at Pennine have not been completely stemmed. In the six months to July 31 the group pre-tax loss was £11,789 compared with £16,183 for the same period last year. Turnover fell from £465,851 to £432,494.

The loss per share was 0.18p compared with 0.25p at the same stage last year.

Hill Samuel plans sale of Elizabethan Insurance

Hill Samuel Group, with interests in merchant banking, insurance and shipping, is in discussions which could lead to the sale of its Elizabethan Marine and General Insurance Company.

The party with which Hill Samuel is holding discussions for the planned sale is not yet known, and neither is the likely consideration.

In its last accounts for the year to March 31, 1978 Hill Samuel reported a net closed premium income of £4.3m for the Elizabethan Marine and General. It was explained that an underwriting loss of £106,000 was more than offset by increased investment income which helped Elizabethan produce a pre-tax profit of £316,000.

Elizabethan underwrites UK fire and accident business as well as an international fire, accident, marine, and aviation account. In the provinces the company transacts motor, fire and accident business from its head office in Purley and from a regional office in Leeds. It also has marine agencies in Birmingham, Liverpool and Glasgow.

KENNEDY SMALE

Kennedy Smale, the West Midland textile machinery engineer, has acquired for cash the 24 per cent of the shares not already owned in Edward Jones (Springs). Smale paid £114,000 in March for 76 per cent of Jones, a small private manufacturer of telecommunication equipment.

CLYNOL

Following the announcement by Unilever that an offer had been made by Schwarzkopf to acquire Clynol, it is now confirmed that the offer has been accepted. The new ownership becomes effective on January 1.

The consideration offered, which is undisclosed, is not significant in relation to the assets of Unilever.

ASSOCIATES DEAL

Laurence, Prust and Co., brokers to Plantation Holdings, on November 24 purchased 25,000 Plantation Holdings ordinary shares at 63p on behalf of associates.

UB buys Rakusen assets

A subsidiary of United Biscuits, United Biscuits (UK), has purchased assets of the Leeds-based food manufacturer and distributor Rakusen Group from Rakusen's Receiver.

United Biscuits has acquired the lease and machinery of Rakusen's West Park factory together with the trade names of Bonn and Rakusen.

The consideration is not disclosed.

United Biscuits said yesterday that production of most of the existing Bonn and Rakusen range of products will continue and supplies will be available throughout the UK.

Bonn's Matzos, an unleaven bread used during the Passover period, will continue to be made at United Biscuit's Carlisle factory under the supervision of the London Beth Din and leading ecclesiastical authorities. Matzos will be available for the 1979 Passover.

It was in October that a Receiver was appointed for Rakusen, after the group's shares had been suspended in late August pending clarification of its position. The Receiver, Mr. W. G. Mackay, of Whinney Murray, indicated that the company was continuing to trade "while we are investigating the present situation."

SHARE STAKES

Black Arrow Group—P. J. Cusk, director, has acquired 100,000 shares. A. Edward, director, has disposed of 30,000 and M. Edward, director, has disposed of 50,000.

International Timber Corporation—Bought further 141,500 Brownlee and Co. ordinary shares making holding 832,925.

Dorada Hldgs.—Directors have taken up their provisional allotment of shares in the recent rights issue and their shareholdings are as follows:—Mr. T. Kenny, 6,796 shares, Mr. P. A. V. Cooper, 23,736, Mr. R. G. Hooker, 666, Mr. J. O. Sewell, 666, Lord Strathcarron, 1,133, Mr. H. W. Thorn, 3,666 and Mr. T. G. Shipton, 666. Bumalux Holdings SA now holds 558,066 shares (9.9 per cent), I. T.C. Pension Trust 400,000 (7.16 per cent) and River Plate and General Investment Trust 300,000 (5.37 per cent).

Capital Gearing Trust: Anselosa Investments and its associates has acquired 110,147 ordinary shares (9.87 per cent).

Francis Industries: W. R. C. Halpin, director, on November 30 sold 10,000 shares at 38p. Mrs. H. A. Halpin on same day sold 10,000 shares at 38p. These transactions reduce Mr. Halpin's interest to 60,000 shares.

Berry Trust Co.: United Kingdom Temperance and General Provident Institution holds 1,740,000 shares (11.34 per cent).

W. H. Smith and Son (Holdings): P. W. Bennett, director, has reduced his holding of "B" ordinary shares by 80,000.

Dawson contribution helps J. H. Fenner to top £9m

PRE-TAX PROFITS of J. H. Fenner and Co. (Holdings) improved from £8.41m to £9.06m in the year to September 2, 1978. At the interim stage an advance from £3.20m to £3.64m was reported.

Profits for the year include a five months contribution from James Dawson and Son which was acquired in April.

Full year earnings per 25p share are shown to have risen from 16.89p to 20.52p and the total dividend is raised from 6.7p to 7.48p with a final payment of 4.48p net.

The directors say that at home, although there has been a disruption of normal working at some factories by industrial action, performance has been good and increased earnings have been achieved. Sales of power transmission equipment were sustained at a good level during the year under highly competitive market conditions; the conveyor belting *division maintained its lead in the* market and achieved a record output.

Dawson's profits since becoming part of the group have been in line with the forecasts made at the time of acquisition and the benefits of co-operative action are already evident.

The directors' policy of maintaining investment at the highest possible level commensurate with financial resources and market conditions continues and during the year capital expenditure in the UK amounted to £1.76m. A large portion of the current investment programme is being devoted to a major improvement in engineering production facilities. The directors shall continue to pursue this policy of group expansion wherever suitable opportunities occur, they add.

Overseas, in spite of a modest improvement in the second half, the company was unable to match profit returns of the previous year. The gradual improvement in the value of sterling against other currencies both lessened its competitive edge in export business and reduced the sterling value of overseas manufacturing earnings in local currencies.

In India, the State-owned coal mines did not re-enter the market for conveyor belting during the year because of a large surplus of imported belting stocks, and this materially affected the profitability of Fener India, although other areas of its activity achieved budgeted targets.

The four months long strike by miners in the U.S. severely affected the financial returns at Fener America and delayed the company's programme of development and recovery. Although there has been some improvement in the second half, it was impossible to avoid a loss in this area for the year as a whole at a similar level to that for 1976-77. The increase in order levels continues and the directors look forward to improved figures for the current year.

Elsewhere overseas, performance targets were largely achieved.

The current year opened with a major stoppage affecting large sections of the company's workforce at Hull the directors report. Normal working has now been resumed but achievement of performance targets for the year will be largely dependent upon avoidance of further industrial disputes within the group and also amongst its major customers.

Meanwhile, order books are currently at a satisfactory level and financial targets for the current year have been set at higher levels than the 1977-78 record.

	1977-78 £000	1976-77 £000
Turnover	50,531	[illegible]2,609
Depreciation	1,823	1,714
Trading profit	9,369	9,334
Interest	929	1,000
Associates	96	145
Profit before tax	9,055	8,407
Tax*	3,908	4,256
Profit after tax	5,147	4,651
Minority profits	559	266
Extraordinary credit	—	158
Attributable	4,588	3,545
Preference dividend	20	20
Ordinary interim dividend	771	596
Final dividend	1,152	887
Retained	2,644	2,072

* The treatment of deferred taxation has been adjusted in line with SSAP 15, and taxation relief taken into account in arriving at the charge for the year amounts to £76,000 (£94,000).

The consolidated balance sheet at September 2 shows increased strength with fixed assets at £23.58m (£19.39m) and net current assets at £20.42m (£17.04m).

● comment

Fenner's results virtually brings to a halt the growth trend of the previous five years. After stripping out the Dawson contribution of around £0.35m, the profits increase is a mere 3.5 per cent, reflecting difficult conditions in overseas markets and only a small upturn at home. Overseas profits only contributed a third of group profits, compared with 42 per cent last time, mainly because of the unfavourable currency factors and problems in the important U.S. and Indian markets. The U.S. incurred a loss of around £0.6m—a result of the miners' strike there—while Indian profits were a fifth lower because of a surplus of conveyer belting in that country. At home, industrial disruption has cost well over £0.6m, of which *only £0.1m* is attributable to the year under review. Overall, with no sign of any big increase in the demand for power transmission equipment or conveyer belting, prospects look unexciting. At 134p the shares stand on a p/e of 7.2 while the yield is 7.5 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Airfix Industries, Brady Industries, G. H. Downing, English and Overseas Investment, Fine Art Development, Hickling Pentecost, Parkland Textile, Tecalemit Transparent Paper

Finals—Blantyre Tea, John Carr (Doncaster), Comet Radiovision, Leeds and District Dyers and Finishers, Royal Bank of Canada, Stockholders Investment Trust.

FUTURE DATES

Interims—

Bassetts (Geo.)	Dec. 5
Bremner	Dec. 4
C. H. Industrials	Nov. 30
Holbrood Rubber	Dec. 6
Honkong (Selangor) Rubber	Dec. 6
Howard Tenens Services	Nov. 30
Mansfield Brewery	Dec. 7
St. George's Laundry (Worcester)	Dec. 11
Stanhope General Investment	Dec. 15
UKO International	Nov. 30
Warrington (Thomas)	Dec. 6

Finals—

Archimedes Investment Trust	Dec. 12
Borthwick (Thomas)	Dec. 12
Castlefield (Klang) Rubber Estate	Dec. 6
Killinghall Rubber Development	Dec. 6

Greencoat turns in profit as trading position improves

WITH losses on the Grancanal development down from £4.73m to £145,000 Greencoat Properties turned round from a deficit of £4.83m to a pre-tax profit of £217,000 for the year to June 30, 1978. Turnover for the period rose from £2.78m to £3.9m.

Trading profit was £362,000 (£124,000). Tax took £135,000 (£99,000) and the net profit was £82,000 (£4.37m loss). After extraordinary items and minorities the deficit brought forward was £4.86m (£4.89m).

The directors say the trading position has materially improved. Group net assets are £1,064,000 (£714,000).

However, until the Grancanal development is nearer completion, they do not think a dividend is justified.

Banks financing the Grancanal development have made facilities available which, in the directors' opinion, will provide the funds necessary for the development to be completed satisfactorily.

The development now consists of 464 apartments of which 290 are sold and occupied, 32 built and unsold and 142 remain to be built.

Activities in the UK continue *satisfactorily.* The board's policy has been that of selective sales to finance the continuing cost of *funding the Grancanal* development and sales totalling £2.22m were completed in the year.

The sale of the interest in City of Aberdeen Land Association made after the year-end is not reflected in accounts.

The group's financial position has begun slowly to improve and it is engaged in the examination of schemes for the profitable redevelopment of various properties in the UK portfolio and these should improve its net worth in coming years.

The recent increases in interest rates should not materially affect the position, the directors add.

pre-tax loss of £119,000 in 1975-76 against a previous year's loss of £121,000.

The accounts, which are heavily qualified, include a board statement explaining that no dividend can be paid because of the financial position.

The statement gives no guide to the date of completion of the DoT report, but says that "the board is endeavouring to resolve the position in which the company was placed" and that the effects of remedial action will be visible in accounts for 1977 and 1978.

Edinburgh investment redemption

The directors of Edinburgh Investment Trust have resolved to repay the outstanding balance of £147,444 nominal of the £350,000 3 per cent redeemable debenture stock 1960-80 at par, on June 1, 1979, together with accrued interest, to stockholders registered on that date.

Accounts by Gilgate show further loss

Gilgate Holdings, the property group whose shares were suspended in June because audited information had become so dated, has now published its accounts up to June 1976. The group, which is the subject of a Department of Trade investigation, reports a

Midway cut at Kayser Bondor

With conditions in South Africa remaining difficult, Kayser Bondor has suffered a reduction from £382,000 to £340,000 in pre-tax profit for the first half of 1978.

However, the hosiery business continues to trade profitably and the lingerie side has achieved an encouraging improvement in results.

Over the year the directors are looking for an improvement in trading profit over 1977.

Turnover for the first half rose from £6.84m to £7.97m. After tax £172,000 (£134,000) net profit came out at £168,000 (£228,000). The company is a subsidiary of Courtaulds.

Bolton Textile sees further improvement in current year

WITH ECONOMIC influences becoming more stabilised and the gradual *improvement* in general trading conditions, the directors of the Bolton Textile Mill Company, the textiles and women's clothing group, expect another improvement in trading results in the current year, Mr. Ivar Goletka, *chairman,* says in his annual statement.

The slight improvement in profit in the past year—when the pre-tax total rose from £305,000 to £316,000—although not as great as envisaged is nonetheless a modest movement in the right direction, Mr. Goletka adds.

In the textile and clothing division the warp knitting section again produced satisfactory results, *increasing* export sales and continuing to show encouraging trends, and the directors anticipate a steady growth from this source.

The children's wear section also provided a valuable *contribution* to profit and from current order books it would appear that the results for the current year will be encouraging.

The directors are continuing to rationalise and reorganise the group's manufacturing sections to improve efficiency and profits and to cater for expansion.

Complete reorganisation and modernisation of the merchanting business despite the difficulties has proved an extremely worthwhile undertaking.

In the leather division the directors' confidence and optimism has been fully justified, Mr. Goletka adds.

The demand for leather is still growing resulting in this section making a very substantial contribution to group profits.

Imported "cheap finished" leather garments are having a marked effect on prices with competition from this source becoming stronger but due to the diversification of the leather division and its active policy in continually seeking alternative sources of supply the directors are confident that if will increase its share of the market.

In accordance with provisions the profit target for any shares *issued under the 1973 share incentive scheme* during the ensuing 12 months have to be approved by shareholders and the directors are recommending that the target this time should be the achievement of pre-tax gross earnings per share of 9.15p.

An analysis of turnover for the *year to April 30, 1978* gives 74.4 per cent to textiles and clothing, 22.1 per cent to leather and 3.5 to premium offer promotion.

Of the pre-tax total textiles and clothing provided £91,000 or 28.8 per cent, leather £186,000 or 58.8 per cent and premium offer promotion £39,000 or 12.4 per cent.

Total source of funds declined from £476,000 to £403,000 and application from £321,000 to £243,000 with the increase in working capital up from £135,000 to £160,000.

The annual dividend is maintained at 0.625p net per 5p share.

Meeting, Winchester House, EC, on December 18 at noon.

cancelled yesterday at the company's request.

The directors said that the company's market capitalisation is now so small that an adequate market cannot be maintained in the shares.

Lonrho sees at least same profit

For the year ended September, Lonrho's profits "will be at least as good as those achieved last year," according to a statement released by the company yesterday. But shareholders will have to wait until the end of January for them.

Last year, pre-tax profits were £88m, some £5m below the previous year.

The statement, which has been cleared by the Stock Exchange, was issued to accompany details of changes in the way Lonrho intends to announce its profits and dividends in future.

From now on Lonrho intends to announce preliminary figures as soon as the Board has approved them. The dividend will be considered at the same Board meeting. The same procedure will apply for the interim results.

The preliminary figures for 1978 will be published "towards the end of January," the company said, to be followed by the report and accounts in February and the annual meeting in March. Last year the final results were announced in mid-December.

Dominion and General Trust

In the half year ended October 31, 1978, gross revenue of Dominion and General Trust improved from £316,748 to £349,532 and net revenue was up from £175,613 to £195,171.

Net revenue was arrived at after charging tax of £116,181 (£105,988), comprising £6,926 (£7,856) overseas, £29,831 (£21,739) corporation, and imputed on franked investment £79,412 (£76,393).

Earnings per 25p share are shown as 4.5p (4.03p). At October 31 net asset value was 241.9p, against 235p at April 30.

CITY PROPERTY SURVEY

In the recent city property survey, an article on the importance of communications referred to an IBM ADX 6000 telex system. This piece of equipment was, in fact an ITT ADX600.

MANCHESTER AND LONDON TRUST

The listing of Manchester and London Investment Trust was

MINING NEWS

Koongarra Uranium: a racing outsider

BY PAUL CHEESERIGHT

NORANDA MINES, the international minerals group based in Toronto, is accelerating its plans for the development of the Koongarra uranium deposit in the Northern Territory of Australia and hopes to present an environmental impact statement to the Australian Government by the end of the year.

Theoretically, Noranda would be able to start site development by April next year, but Mr. John Hall, the vice-president for mine projects, acknowledged that such a schedule was wishful thinking and that a more likely starting date would be in the 1980 dry season.

Allowing a period of two years for construction this would mean *Koongarra coming on stream in* 1982, three years earlier than industry estimates have hitherto indicated. It had always been assumed that Koongarra's development would take place well after that of the other known uranium deposits in the Northern Territory.

Noranda, through its subsidiary Noranda Australia, has a project team working on Koongarra data in Melbourne and a small group at the potential mine site.

The project team is substantially changing plans worked out several years ago. "We believe the concept is better than the original done in the early 1970," Mr. Hall said.

The improvement relates, though not exclusively, to the treatment of mine tailings. Noranda has absorbed the criticisms of the Ranger Uranium Environmental Enquiry's second report—the Fox Commission report—which showed, as Mr. Hall put it, "a preference for neutralised tailings."

The original plan called for unneutralised tailings to be pumped into a natural gully near the mine. Settled solids in the dam would remain in an acid condition, prompting the Fox Commission to comment that there was a danger to wild life in adjacent areas in the event of any water pollution from Koongarra.

Noranda's new plans aim to meet such criticism and a different site for the tailings dam has been chosen. Inevitably, however, the environmental impact statement will be subject to close scrutiny by the Australian Government. But this is not the only hurdle Noranda will have to jump before it is given approval for mining.

Koongarra is inside a national park (to the south of the Ranger deposit owned by Peko-Wallsend, EZ Industries and the Australian Atomic Energy Commission, and of the Jabiluka deposit owned by Pancontinental Mining and Getty Oil) thus involving the taking of regulatory steps to allow mining.

Negotiations will have to take place with the Northern Land Council, which represents Aboriginal interests. The lengthy process of reaching an agreement for Ranger, and the bitter aftermath, suggest that these negotiations will not be easy.

A third hurdle for Noranda will be the arrangement of equity in the project to meet Australian Government requirements that 75 per cent of the venture is in domestic hands.

It is the existence of all these factors which have made Noranda accept that a start to development is more likely in 1980 than in 1979.

Previous plans had suggested a Koongarra output of 2,000 tonnes of uranium-oxide a year. The deposit has estimated recoverable uranium oxide of 30m lbs. The mineable ore is approximately 4m tonnes, with an average of 6.3 lbs of uranium oxide for each tonne of ore.

Despite delays, however, the venture would be of great significance to Noranda's uranium development. Although it is involved in joint ventures in both the U.S. and Canada, the group's only major uranium operation at present is Agnew Lake Mines in Ontario, which is run by Kerr Addison, a 48.5 per cent owned affiliate.

Thiess looks at S. Korean possibilities

Thiess Holdings has been talking with a South Korean concern about the prospect of an equity participation, according to the chairman, Sir Leslie Thiess, at the annual meeting in Brisbane, reports our Sydney correspondent.

Sir Leslie said the recent decision of the South Korean Government to allow industrial interests to purchase equity in Australian mineral undertakings to the maximum extent allowed by the Australian Government brought new avenues of sales opportunities.

This should assist Australian industry to compete for South Korean orders which might otherwise be secured by other world suppliers. The Korean industry was very keen to obtain Australian equity and had already indicated that a team of technical experts would be sent to Australia before the end of the year to inspect certain mining operations.

Sir Leslie said that as a result of his direct approach to one Korean interest with which Thiess did business several years ago, the group was now sending a trial sample of South Blackwater coking coal and was hopeful that renewed business would follow.

"To me, the opportunities in Korea are very similar to those I experienced when I made by first visit to Japan in the 1950's," Sir Leslie said. He also referred to the "enormous potential" in South-East Asia and said that the Philippines was planning to convert from oil to coal for energy generation and that similar opportunities were developing in Hong Kong, Singapore and throughout South-East Asia.

Sir Leslie added that negotiations were continuing for the major Japanese steel mill customers of the South Blackwater coal mine to take an equity of up to 30 per cent of the mine. Referring to the construction activities, Sir Leslie said the division was still operating below capacity with intense competition for the available work.

Theiss had initiated a change in the basis of contracting and now sought joint venture partners for major or highly specialised contracts. It was also making greater use of sub-contract labour and hired plant and favouring less capital-intensive work than the major earth-moving projects of the past. He added that group results to date for 1978-79 were ahead of those for the same previous period, and were better than budget. Thiess shares were 220p in London yesterday.

Canadian news round-up

THE LABOUR strike which halted production at Iron Ore of Canada for four and a half months is reflected in a sharp decline in the nine-month net income of Hollinger Mines, reports John Soganich from Toronto in his latest round-up of the Canadian mining news scene.

Hollinger, which derives much of its revenue from iron ore royalties, has suffered a slide in nine-month earnings to C$2.0m (£1.27m), or 30 cents per share, from over C$14m, or C$2.88 per share, in the same period of last year.

The company's royalty revenue dropped to C$18.5m from C$23.8m, while its share of the loss sustained by Iron Ore of Canada was C$5.3m against a profit last time of C$5.6m. The iron ore operation is now working at near capacity and fourth-quarter earnings of Hollinger are running ahead of those of the 1977 final quarter. But the year's total will still be below that of 1977.

On the other side of the coin, Consolidated Rambler reports that net income for the first nine months advanced to C$1.5m, or 31 cents per share, from a loss of C$351,000 in the same period of 1977. The better performance stems from increased production and higher prices for the company's output of higher grade copper-gold-silver ore. However, lower production is expected in the final quarter.

Consolidated net income of Roman Corporation, including its equity in earnings of Denison Mines, jumped to C$9m (C$3.44 per share) in the nine months to September 30 from $5.1m ($1.96) *in the same period last* year.

Craigmont Mines attributes its higher profit to lower unit production costs and the milling of higher grade ore at its British Columbian copper mine.

Net income for the year to October 31 was C$3.6m (70 cents per share) compared with C$2.4m in the previous year. Revenue was up to C$21.8m from C$19.0m.

The company, a member of the Placer Development group, has already reported that owing to depletion of ore reserves it expects to cease underground mining next July and to complete concentrating operations around October, 1979.

Advocate Mines, the Newfoundland asbestos producer, will not pay a dividend for 1978 because of losses incurred in the first nine months. These resulted from a three-month strike by hourly-paid employees in the spring and mining problems from a pit wall failure encountered in late 1977.

The directors hope that Advocate will return to the dividend-paying ranks in 1979. Payout in 1977 was 18½ cents per share (equal to C$1.1m).

Shareholders of Camflo Mines are benefiting directly from its increased earnings and cash flows. The company has declared the regular semi-annual dividend of 20 cents plus an interim 10 cents for payment on Dec. 29. This brings the pay-out this year to 50 cents per share, up from 40 cents paid in 1977 and 1976. (Pay-out in 1974 was 70 cents).

Texasgulf has optioned the undeveloped gold prospects of Inco in Hoyle Township, two miles west of its big concentrator and 13 miles southeast of its Kidd Creek mine.

Discovered by Inco's Canadian Nickel in 1966, the prospect has not been fully outlined either laterally or at depth. Texasgulf intends to carry out underground exploration and bulk sampling with the objective of determining the feasibility of developing an underground mine on a 60-40 joint venture basis.

HUNT DETAILS

Hunt International Resources Corporation, which is controlled by Mr. Bunker Hunt and his brother, Herbert, has approved a reorganisation plan which includes a scheme for the merger of Sunshine Mining, the major U.S. silver mining concern.

An agreement reached in October 1977 provided for the takeover of Sunshine, and the latest proposal provides for Sunshine shareholders to receive a combination of Hunt International stock and 9½ *per cent debentures for each* share they own. The offer is worth about $15 for each Sunshine share.

Sunshine directors did not immediately comment on the terms of the offer which expires next Friday. The Hunt brothers own about 28 per cent of the Sunshine common stock.

SAUDIS DISCUSS PHOSPHATES WITH GRANGES

Petromin, the Saudi Arabian state agency dealing with oil and minerals, has recently held discussions with Granges Engineering of Sweden about an exploration programme for a phosphates discovery near the northern town of Turaif.

The discussions were revealed by Mr. Abdul-Hadi Taher, the governor of Petromin, quoted by Al-Medina, the Jeddah newspaper. He said that gold-bearing phosphates had been found in the area.

In a survey of mineral developments in Saudi Arabia, Mr. Taher also mentioned that copper had been discovered in Nuqra, on the Medina-Qassim road, but he offered no details.

MINING BRIEFS

ELECTROLYTIC ZINC— Production Statement

	Four wks. ended Nov. 15 (figs. in tonnes)	Oct. 18
Risdon		
Zinc	16,035	15,522
West Coast Mines		
Ore milled	56,744	49,676
Lead concentrate	1,540	1,191
Zinc concentrate	11,757	8,727
Copper concentrate	1,055	2,107

Kelvin Watson advances at six months stage

WITH TURNOVER higher at £2.09m against £1.63m, pre-tax profits of R. Kelvin Watson, the optical group, advanced from £218,401 to £280,971 for the half-year to September 30, 1978.

In August, Mr. Geoffrey K. Watson the chairman, said sales in all divisions were buoyant, and prospects for achieving the increased target for the current year were extremely good.

Plans for the future, which included the expansion of optical practices, and promotion of both hard and soft contact lenses on a world-wide basis, should ensure that forward progress was maintained, he added.

He now reports that group sales remained buoyant during the period, and budgets were met in all divisions. Particular emphasis has been given to the expansion of its optical practices division and to the sale of contact lenses into selected international markets.

Mr. Watson says he remains confident about the future and in particular the company's performance for the full year. In the 1977-78 year, profits were a record £555,000.

Indications are that the company will achieve its forecasts for each division and it has planned to pursue actively the various projects already embarked upon, the chairman states.

The net interim dividend is stepped up from 1.1p to 1.21p per 10p share. At the year-end, the directors intend to review favourably the company's dividend policy, but while restrictions continue, intend to recommend the maximum permitted payment—last year's total was 2.383p.

After tax of £147,000 (£114,000) net profits for the half-year rose from £104,401 to £133,971. The interim payment absorbs £21,642, after waivers on 1,211,456 shares.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Air Canada plans offer for Nordair shareholding

MONTREAL, Nov. 27.

NORDAIR said that Air Canada will make an offer of C$12.61 per share for all the outstanding common shares of the company.

The offer will be open for 35 days from the effective offer date of November 30. Letters detailing the offer have been mailed to Nordair shareholders.

Nordair earnings for the first ten months of 1978 were C$3.6m or C$1.66 per share, compared with C$2.4m or C$1.14 per share for the same period a year ago.

Nordair said that the offer price of C$12.61 includes an adjustment price of C$1.11 per shares which is added to a base price of C$11.50. The C$1.11 per share is net profit gained from June 1 to August 31, this year.

Nordair's net earnings for the full year are expected to be between C$4m and C$4.5m or C$1.80 to C$2 per share.

The increased share price of C$12.61 which Nordair expects Air Canada to offer means that Government-owned Air Canada would spend about C$27.5m for the proposed acquisition. The Canadian Government has authorised Air Canada to spend up to C$28.4m to acquire Nordair. The Government has said it intends to purchase Nordair from Air Canada and sell it back to private enterprise within 12 months.

Agencies

Bids made for Multiple Access

By Robert Gibbens

MONTREAL, Nov. 27.

THE CHARLES BRONFMAN interests, which control Seagrams, the world's largest distiller, have received a "number of offers," for their 51 per cent interest in Multiple Access, which owns the main private English language TV and radio station in Montreal, CFCF, and also has computer service operations.

The current market value of the Bronfman holding is put at C$10m (U.S.$8.5m). It is held in a private Bronfman company, Mainvest Communications.

The Canadian Radio, Television and Telecommunications Commission, the regulatory authority, recently disallowed a bid by Toronto communications interests to buy the Bronfman holding.

It is believed a Quebec-based group, made up partly of Quebec communications interests, is one of the bidders this time. A price of C$7 a share has been widely mentioned.

Survey predicts troubled outlook for carmakers

BY DAVID LASCELLES

NEW YORK, Nov. 27

PROSPECTS for both Chrysler and American Motors, as well as Japanese and European car sales in the U.S. market are likely to be seriously squeezed by regulatory requirements designed to protect the environment and enforce fuel economy. Lesser carmakers could even be driven out of business altogether in the event of a recession.

This is one of the main conclusions of a controversial, government-sponsored report, due to be finalised this week, but drafts of which have already been released.

In its summary section, the report, prepared by the Boston-based research organisation, Harbridge House, states bluntly: "Even a minor recession in the next eight years is likely to destroy the abilities of Chrysler and American Motors to maintain their announced investment programmes to meet already established regulatory requirements.

"The impact on Chrysler of even a modest recession might be catastrophic, forcing the company to begin to dispose of marketable assets or abandon some product lines."

As for American Motors, the report says that fuel economy measures threaten to place it "in an even more precarious position than the one it currently occupies." This is because AMC will face much stronger competition in its traditional small car range as the industry giants redirect their efforts to producing more economical autos.

For similar reasons, Japanese and European exporters, who have made the greatest inroads in the small to medium car market, will find themselves squeezed out as GM and Ford start producing compact cars in far greater volume than they do now.

This conclusion was based on specific studies of prospects for Toyota, Nissan, Honda and Volkswagen. However, implicit in the report is a conclusion that because these makers already produce cars whose performance comes close to federal emission and economy standards, their investment needs will be smaller.

Looking ahead to 1985, the report's authors predict that General Motors and Ford will increase their market shares at the expense of all other suppliers.

The report, which was ordered by the National Highway Traffic Safety Administration, set out mainly to assess the investment needs of the car companies to comply with regulatory requirements, and how they would generate funds for this in the event of an economic downturn.

The NHTSA is obliged to consider the economic practicability of its regulations, and while the report makes no judgment between the cost and benefits of the NHTSA's emission and economy standards, the message that the cost is heavy comes through load and clear.

Both Chrysler and AMC have applauded the report's conclusions, saying that the regulations favour the large companies since these are better placed to finance the switchover to fundamentally new types of vehicle.

But in an initial reaction to the report, NHTSA's acting administrator, Mr. Barry Felrice, criticised it as coming straight out of the mouths of car industry spokesmen. The administration also put out a statement today saying that its conclusions "should be subjected to serious scrutiny before they are used or relied upon."

Kaneb to boost its coal output

BY OUR FINANCIAL STAFF

A SUBSTANTIAL increase in coal production at its Appalachian Mountain mines is planned by Kaneb, the energy industry and financial services group, said Mr. James R. Whatley, the president and chief executive officer in London.

At present, coal represents some 30 per cent of total group revenue of $169.5m, which itself showed a rise of 21 per cent over the previous year. But present plans indicate that coal revenues alone could rise to $150m over the next four or five years.

Much of the increase in coal revenue, which stood at a mere $2m in 1971, when Kaneb entered the industry, reflects increases in prices which have jumped fivefold since that year.

But revenue measured by tonnage has also risen steeply and now stands at 2.4m tons against only 400,000 tons in 1971. In addition, Kaneb sold around 1.5m tonnes of coal produced outside the group.

However, Kaneb also expects further substantial increases in sales and earnings from its oil and gas divisions operations, which are heavily involved in exploration in the U.S., in particular in such offshore searches in the Gulf of Mexico and the Baltimore Canyon.

On September 30, Kaneb showed a rise of 30 per cent to $236.6m in sales and 36 per cent to $23.6m in earnings for the first nine months of this year. About 89 per cent of 1977 revenues came from the energy section, with coal sales playing an increasingly important role.

Court bars telephone appeals

WASHINGTON Nov. 27.

THE SUPREME COURT has refused to hear appeals aimed at restricting MCI Telecommunications Corporation's long distance telephone business.

The Court left standing, without comment, the U.S. Court of Appeals' order to American Telephone and Telegraph to permit interconnection with AT and T's equipment that MCI needs to continue and expand its "Execunet" service.

Already in service on a limited basis, the service permits any MCI subscriber to call a telephone in any other MCI served city. While the call would jump between the cities by MCI's own microwave facilities, it would require access to regular telephone lines at both ends.

Besides AT and T, the Independent Telephone Association and the Federal Communications Commission filed appeals protesting against the Appeals Court ruling.

The FCC accused the Court of Appeals of an unwarranted intrusion into the setting of communications policy. The Justice Department, on the other hand, urged the Supreme Court to leave the decision undisturbed.

The three appeals gave the Court a second chance to weigh the right of specialised carriers such as MCI to demand interconnection rights that would allow them to go after business controlled by the general carriers.

The Court left standing last January an earlier Court of Appeals decision that a specialised carrier could provide any service that the FCC had not specifically barred it from providing.

AT and T contended that this ruling fell short of directing it to interconnect with MCI. The second Court of Appeals decision, issued in April, was an unmistakeable order for AT and T to do so.

Reuter

Sears to buy back up to 10m shares

By Our Own Correspondent

NEW YORK, Nov. 27.

SEARS ROEBUCK, the retailing giant which is in the process of reviewing its financing strategies in the face of a declining market share, is to buy back up to 10m of its common shares on the open market.

The shares bought, which represent about 3 per cent of the outstanding equity, will be used for current and future needs of employee benefit plans, and for other corporate purposes, the company said, without specifying which. Sears' shares are currently trading at around $21.50.

Earlier this month, Sears said it had arranged to sell $550m of customer account receivables, equivalent to about 8 per cent of the total, to a group of institutional investors.

According to Mr. Edward Telling, the chairman, the aim of the sale is to add to general funds and reduce short-term debt.

As the U.S. gears up for Christmas shopping after the Thanksgiving holiday weekend, a Sears spokesman was quoted today as saying the company expects business to be good, though not necessarily a record. Seasonal gains for the merchandising industry of 6 to 8 per cent were expected, he said.

Canada rejects takeover bids

By Our Financial Staff

MARINE Midland Banks said the rejection by the Canadian Foreign Investment Review Agency of a proposal by Hongkong and Shanghai Banking Corporation to take control of two Canadian units of Marine Midland will not affect plans by Hongkong and Shanghai to acquire control of Marine Midland.

The Canadian authorities did not disclose reasons for ruling against the two proposed acquisitions, which were of Marmid Financial Services and Builders Funds.

Marine Midland has described the two Canadian companies as "small-scale operations."

Wall Street trading slump

By Our Own Correspondent

NEW YORK, Nov. 27.

THE SURGE in stock trading on Wall Street during the third quarter of this year brought a six-fold increase in members' net income, the New York Stock Exchange has reported. Earnings reached $183.9m, up from $30.8m in the same period last year. This brought nine months' earnings to $364.9m, against $149.8m last year.

But these figures are already history. The trading slump that set in just as the fourth quarter started, is expected to give earnings a hard knock. Securities firms report cuts in both revenue and trading on their own accounts, renewing speculation of a merger wave.

Touche Ross

The Supreme Court has agreed to review a Court of Appeals decision that would expose Touche Ross to suits for $65m in damages, reports Reuter from Washington. The accounting firm is being sued for allegedly misleading financial statements it prepared for Weis Securities before Weis was ordered into liquidation in 1973.

Olinkraft tender

Johns-Manville said it will purchase 75 per cent of the 5.9m Olinkraft shares tendered in connection with its recent offer for 19 per cent of the outstanding shares of Olinkraft at $65 a share reports AP-DJ from Denver. The exact number of shares to be purchased is 4,402,450.

AMERICAN QUARTERLIES

BANGOR PUNTA

Year	1978 $	1977 $
Revenue	656.1m	567.6m
Net profits	23.9m	18.0m
Net per share	3.98	3.02

PEABODY INTERNATIONAL

Fourth Quarter	1978 $	1977 $
Revenue	140.2m	116.0m
Net profits	6.2m	4.8m
Net per share	0.74	0.58
Year		
Revenue	505.7m	408.3m
Net profits	21.5m	16.9m
Net per share	2.57	2.06

RAPID-AMERICAN

Third quarter	1978 $	1977 $
Revenue	638.6m	603.1m
Net profits	17.9m	4.54m
Net per share	2.16	0.52
Nine Months		
Revenue	1.72bn	1.66bn
Net profits	28.2m	*3.79m
Net per share	3.40	*0.87

* Loss

SCOTT FORESMAN

Second quarter	1978 $	1977 $
Revenue	85.3m	72.5m
Net profits	14.8m	12.4m
Net per share	1.25	1.05
Six months		
Revenue	159.6m	137.1m
Net profits	28.5m	24.5m
Net per share	2.47	2.14

INTERNATIONAL CAPITAL MARKETS

Venezuela seeks $250m steel expansion finance

BY OUR EUROMARKETS STAFF

VENEZUELA'S state stesel company Siderurgica del Orinoco (SIDOR), is negotiating $250m in medium-term loans from foreign banks to help finance its expansion programme.

Banks in the U.S., Europe and Japan have been asked to submit bids, including interest rates and other conditions, by December 8.

SIDOR Treasurer Ramon Azpurua, quoted by Reuter, said it was originally planned to insist on an interest margin of ⅞ per cent over interbank rates for the financing, but then decided to leave the banks free to quote their own rates.

Earlier this month, SIDOR launched a $3.6bn expansion plan to increase production to 4.8m tonnes from 1.25m tonnes annually. The company is to seek a further $250m in the second-half of 1979.

Orion Bank, Chase Manhattan and the Royal Bank of Canada are arranging a $50m loan for the Bauxite Industry Development Company of Guyana. It will finance the expansion of Guyana's aluminium industry and assist in a capital restructuring of the company.

The loan, guaranteed by Guyana, is at a margin of two per cent for seven years. Grace period is one year.

Brazil's state mining concern Cia Vale do Rio Doce (CVRD) is planning to arrange loans totalling $50m next year to finance various projects.

A $30m credit will be raised through Fuji Bank and a $20m facility through Eulabank, according to company officials. No terms were given.

Sanwa Bank has now assembled an all-Japanese management group for the $125m 12-year loan scheduled for Salto Grande, the Argentinian hydroelectric project. The managers are Mitsui Bank, Nippon Credit Bank and Toyo Trust and Banking Company.

The borrower will use the funds to refinance existing short-term debts.

In Spain, the motorway company AVASA is arranging a $45m eight-year credit to finance road construction. The loan carries a spread of ⅞ per cent on the 75 per cent of the total amount which carries a state guarantee, and 1¼ per cent on the unguaranteed portion.

Saudi riyal issues reappear

BY JOHN EVANS

INTERNATIONAL syndicated loans denominated in Saudi riyals are making their appearance again in the Gulf capital markets after an absence of several months.

The Saudi Arabian Monetary Agency (SAMA), in a letter to foreign banks this summer, effectively put a halt to the growth of a foreign capital market in Saudi riyals.

Its action reflected anxiety over the expansion in non-resident holdings in riyals. The Saudi authorities were believed to consider such growth, at a time when the dollar was weakening, as complementary to speculative trading in the riyal, as well as compounding probelms of domestic mentary control.

At least one proposed loan was cancelled after SAMA's action, a 250m riyal ($73m) transaction for the Banque Nationale pour le Developpement Economique of Morocco.

In allowing a resumption of syndicated credits, SAMA is now stipulating that such loans should be for Saudi borrowers and that Saudi banks take an active role in the syndication, according to foreign bankers. It is not yet clear whether foreign borrowers will be eventually given permission to tap the riyal markets.

Among current loans, a 120m riyal syndication has been launched for the Saudi Arabian Hotel Corporation of Jeddah.

The loa nis being lead managed by Al Bank al Saudi al Fransi and Arab International Bank of Cairo. The terms call for a 1¼ per cent spread over Saudi interbank rates for seven years, with a minimum interest rate of 7¼ per cent.

Arab and Morgan Grenfell Finance Company and Wardley Middle East have obtained approval for a 70m riyal loan for National Chemical Industries.

Chase Manhattan is, meanwhile, planning a 200m riyal syndicated loan for Abdel-Latif Jameel, the agent in Saudi Arabia for Toyota, the Japanese motor group.

Eurodollar bond prices mixed

BY OUR EUROMARKETS STAFF

EURODOLLAR bond prices were irregular in subdued trading yesterday, as the market showed a further slight reaction to the increase to 11½ per cent in the prime rates of major U.S. banks.

Shorter maturity bonds showed scattered losses ranging to ½ point or so. However, the prime rate increase did not spur any further rises in Eurodollar rates, where the six-month rate was bid at between 12 and 12⅛ per cent.

Several banking names were reported to be lined up to make issues of floating rate noes. It could not be immediately confirmed yesterday that Privredna Banka Zagreb is planning a $50m eight-year issue shortly.

Deutsche-Mark bonds, both domestic and foreign, eased up to ¼ point in featureless trading.

Investor attention is tending to switch to the forthcoming issue of U.S. Carter securities on the German capital markets. However, these shorter-term money market issues will be open to domestic investors only and should not directly influence Eurobond prices, traders point out.

The planned DM 100m bond for the Oesterreichische Kontrollbank, via Deutsche, should be introduced today.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on November 27

U.S. DOLLAR STRAIGHTS

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	[illegible]	[illegible]	[illegible]	[illegible]	9.96
Australia 8.45 83	175	97	[illegible]	0	[illegible]	9.42
Australia 9¼ 93	75	[illegible]	[illegible]	0	[illegible]	9.42
Beatrice Foods 7¾ 88	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 9½ 97	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 9 93	25	[illegible]	[illegible]	0	[illegible]	9.29
CECA 9½ 86	25	[illegible]	99	0	0	[illegible]
CNT 9 93	75	[illegible]	[illegible]	[illegible]	[illegible]	9.46
Canada 9 83	250	[illegible]	[illegible]	0	[illegible]	[illegible]
Canada 8.20 85	250	[illegible]	[illegible]	[illegible]	[illegible]	9.17
Canada 8¾ 88	250	[illegible]	[illegible]	[illegible]	[illegible]	9.42
Canada 9 83	400	[illegible]	100	[illegible]	[illegible]	9.27
Canada 9¼ 98	350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadair 8½ 85	70	[illegible]	[illegible]	[illegible]	[illegible]	9.72
Dominion Bridge Co. 9 86	25	[illegible]	[illegible]	[illegible]	[illegible]	10.12
EIB 8¾ 83	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9¼ 95	125	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9½ 95	100	97	[illegible]	0	[illegible]	[illegible]
Eksportfinans 9 88	50	[illegible]	[illegible]	0	[illegible]	9.55
Finland 8¾ 88	100	[illegible]	[illegible]	[illegible]	[illegible]	9.66
Finland 9 88	100	[illegible]	[illegible]	0	−1	9.76
Hospital O/S 9 83	25	96	[illegible]	0	[illegible]	10.00
Itel Finance 9½ 85	25	[illegible]	[illegible]	0	0	10.71
Itel Finance 9¾ 90	25	[illegible]	[illegible]	[illegible]	[illegible]	11.16
J. C. Penney 8½ 83	100	97	[illegible]	0	[illegible]	9.23
Mac Bloedel 9½ 93	50	[illegible]	[illegible]	[illegible]	[illegible]	9.52
NZ Dev. Fin. 8½ 83	25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NZ Dev. Fin. 8¾ 85	25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. 9 86	75	[illegible]	[illegible]	0	[illegible]	[illegible]
Newfoundland 9¾ 98	50	[illegible]	[illegible]	[illegible]	[illegible]	9.53
Nord Inv. Bk. 8¾ 88	25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

INTL. FINANCIAL AND COMPANY NEWS

Hoechst profits outperform rivals

BY GUY HAWTIN — FRANKFURT, Nov. 27.

WEST GERMANY'S chemicals industry has not full benefited from the improved economic climate at home and in most foreign markets. This conclusion is reached by Hoechst, the last of the West German chemicals "big three" to report on progress during the first nine months of 1978.

Hoechst's world group sales performance more or less echoed those of its rivals, Bayer and BASF, in that it was weak. With group turnover up 3.8 per cent compared with the same period of 1977 from DM 17.38bn to DM 18.04bn ($9.35bn), the increase was rather lower than Bayer's 6.5 per cent but considerably better than BASF's 0.1 per cent expansion.

On the profits front, however, Hoechst out-performed both of its two rivals. Pre-tax earnings were up by 0.6 per cent against the comparable three quarters of last year—from DM 830m to DM 825m—although earnings as a proportion of turnover dropped from 4.7 per cent to 4.6 per cent. By comparison, Bayer profits were off 3.9 per cent and BASF's dropped 11.9 per cent.

As the group announced this autumn, the improvement came in the third quarter, when world sales totalled DM 5.92bn. While, on seasonal grounds, turnover remained under the levels of the previous two quarters, it was 4.7 per cent up on the performance in the comparable three months of 1977.

According to today's report, the group was particularly pleased with the development of the sales of its subsidiaries in the large European community countries as well as the U.S. and Japan. However, it did not specify in the case of its Japanese operation if the sales improvement arose from foreign exchange fluctuations or increased volume.

At home, turnover had grown in sectors including plant construction, welding technology and industrial gases, cosmetics and paints. There had also been sales growth in the reproduction technology and pharmaceuticals sectors. However, most other operational areas had failed to match the 1977 figures.

At Hoechst AG, the West German parent, higher volume output was reported during the first three quarters of 1978 but, as price levels fell back by an average 4 per cent, cash turnover declined by 2 per cent from DM7.15bn in the comparable period of last year to just over DM7bn. The parent's pre-tax profit, as a result, fell by 6.2 per cent from DM515m to DM483m and gross profits as a proportion of turnover went down from 7.2 per cent to 6.9 per cent.

Over-capacity and currency fluctuations had exacerbated the pressure on prices, said the report—above all in the fields of organic and inorganic chemicals, as well as plastics. Not only were exports hit but also increased imports hit domestic sales.

Capacity utilisation at the Hoechst parent's plants stood at only 75 per cent against 78 per cent in the first quarter and 81 per cent in the third. The labour force, said the report, had further declined and increased short-time working in the fibres and plastics sectors had been unavoidable.

Bos Kalis rights to raise $17m

By Charles Batchelor

AMSTERDAM, Nov. 27.

BOS KALIS Westminster, the Dutch construction and dredging company plans a one for six rights issue worth Fl 37.2m ($17.7m) and confirms that net profits will this year rise by 10 per cent.

It will issue nearly 354,700 Fl 10 nominal value registered shares or exchangeable bearer depository receipts at Fl 105. This compares with recent traded levels of Fl 130. The new shares and depositary receipts will rank fully for the 1979 dividend.

Bos Kalis is confident of a 10 per cent rise in net profit in 1978 on the basis of present prospects. This indicates net profit of around Fl 49.4m this year, but reflects a slowing down in profit growth from the 15 per cent achieved in 1977.

Higher earnings are also expected in 1979 given the volume of orders in hand—worth Fl 3bn ($1.43bn) at June 30—and the profit margin these are expected to show. This is despite the unfavourable results from offshore activities. Bos Kalis therefore expects to be able to maintain at least the same dividend per share on the increased capital next year. It paid Fl 8 per share in 1977.

Bos Kalis is Holland's third largest contractor, with 1977 turnover on the basis of work done of Fl 1.4bn. Its decision to strengthen its capital comes after similar moves by some of its competitors.

Ballast-Nedam placed a block of shares equivalent to 16 per cent of its capital with a group of Arab investors in late 1977, and two other companies, Adriaan Volker and Stevin Group are currently merging to improve their financial and competitive base.

Volker Stevin today announced that more than 90 per cent of the shares and certificates of Adriaan Volker and of Stevin have been offered for exchange into shares of the new holding company. Shareholders who have not yet accepted the offer have until March 1 to do so. Volker shareholders were offered 1½ new shares for each share, while Stevin shareholders were offered a one for one exchange. The new combined group expects net profit of Fl 85-90m this year on sales of Fl 2.9-3.0bn.

Demand outstrips BMW capacity

BY OUR OWN CORRESPONDENT — FRANKFURT, Nov. 27.

PROPELLED ALONG by the West German motor boom, Bayerische Motoren Werke (BMW) is still finding it hard to produce enough cars to keep pace with heavy demand.

Both cash sales and volume output again increased in the first three quarters of this year, with car production up by 13 per cent in the period to the end of September compared with an average for the motor industry of 4 per cent.

Despite substantially increased production capacity, however, BMW's order book has continued to rise, and demand still far outstrips the group's ability to deliver. At the end of the first nine months, orders-in-hand stood 11 per cent above the position at the end of September last year.

Herr Eberhard von Kuenheim, the chief executive, said that delivery periods on the most popular models stretched well into next summer. Bookings were at such a level that it seemed safe to say even now that 1979 would for BMW be about as good as the current year.

Overseas demand for the group's products has been maintained although the dollar's difficulties on the foreign exchange markets have caused difficulties in North America. This applies to cars as well as its high-quality motor cycles.

Group external turnover in 1978 could reach DM 6.5bn ($3.37bn). At the same time, cash sales of the parent are expected to expand by 15 per cent to DM 5.9bn.

For the first nine months of this year, overseas turnover was up by 25 per cent to over DM 2bn—a faster growth rate than the 20 per cent expansion at home. Along with the sales increase, BMW has also seen "satisfactorily" developing profits, according to Herr von Kuenheim.

Although he commented that the company had a sufficiently "solid financial basis" to allow it to face with confidence "times which are not so good," he would give no earnings details for the three quarters.

Between 1978 and 1983, BMW plans to invest more than DM 3bn. This does not include investment spending for the production of diesel motors in Austria.

HBG sees maintained profits

BY OUR OWN CORRESPONDENT — AMSTERDAM, Nov. 27.

HOLLANDSCHE BETON GROEP (HBG), the Dutch construction company, said it expects 1979 results to be at least equal to those in the current year, with foreign activities again making the largest contribution to profits.

It is forecasting a 15 per cent increase in net profit in 1978 to about Fl 56m ($27m) while sales are expected to be about Fl 2.44bn ($1.17bn). The estimates for the current year show a slight upward revision of the profit forecast from the Fl 55m expected two months ago, while sales expectations have been trimmed slightly. HBG will pay an unchanged interim dividend of Fl 1 per Fl 20 nominal share.

The results of the domestic marine and civil engineering and house construction divisions have declined in the year so far while profit abroad has increased, due to favourable results from a number of projects and a greater use of dredging equipment capacity. Profits of Constructies Electriciteitswerken en Industriebouw, the Belgian company, most of whose share capital is now in HBG's hands, also increased. Unfavourable developments at Nederlandse Materieelmij voor Zeemijnbouw, however, depressed the result of minority holdings.

The domestic order book has lengthened, although foreign orders-in-hand have fallen considerably largely due to the rapid completion of some large projects. The order book is now shortening to more normal levels, and by the end of 1978 it will be roughly equal to just over a year's sales. On the basis of the order backlog, turnover next year is expected to be little changed on 1978.

• Algemene Bank Nederland (ABN) expects its profit per share to increase in the whole of 1978 on the basis of developments in the first nine months. The bank's share capital has risen by 7 per cent to Fl 518m in the current year due to the payment of a stock dividend and the conversion of a debenture loan. ABN reported a Fl 45.69 profit per Fl 100 nominal share in 1977.

The bank also announced the issue of a Fl 150m ($72m) 8½ per cent debenture loan due 1985/89. The issue price will be announced on November 29. Net profit of ABN rose by 22 per cent to Fl 120.3m in the first half of 1978 on a balance sheet total which was 9 per cent higher than at the end of 1977 at Fl 69.1bn.

Deutsche Shell moves back into the black

HAMBURG, Nov. 27.

DEUTSCHE Shell report a total balance sheet profit of around DM 120m ($62m) for the first nine months of 1978, compared with a loss of DM 34.8m for 1977 as a whole. The company is part of the Royal Dutch Shell group.

Last year Deutsche Shell made a loss of almost DM 20 per tonne of oil processed and marketed. But in the first nine months this year the loss per tonne has been reduced to DM 8.50 due to the weaker dollar and better sales proceeds. The figures were announced at a Press conference dealing mainly with general oil market questions. A Shell spokesman declined to give turnover or any other figures for the nine months.

Meanwhile, Deutsche BP AG plans to raise its capital by DM 200m ($104m) to DM 950m, drawing on authorised capital. In Aungust the company announced that it planned to raise its capital to help finance the proposed takeover of the Veba AG interests. But the spokesman said today that in view of the delay in proceeding with the Veba deal, which was opposed last month by the Federal Cartel Office, no such special significance should be attached to the capital increase.

Agencies

Acquisition by Slavenburg's

By Our Own Correspondent

AMSTERDAM, Nov. 27.

SLAVENBURG'S, the medium-sized Dutch bank, has acquired a majority stake in Bankhaus Woelbern und Co of Hamburg. It has bought an 87½ per cent holding in Woelbern's capital from the 20 or so owners. Slavenburg's plans to establish close links between its new acquisition and Deutsch Schweizerische Bank of Frankfurt, in which it has a 99 per cent stake, during the course of next year.

The 100-year-old Bankhaus Woelbern has been based in Hamburg since the end of the war. It will allow Slavenburg's to increase the service it offers to its existing clients in the area. The link with the larger Dutch bank will make it possible for Woelbern further to expand its business.

Woelbern has capital of DM11m and a balance sheet total of around DM200m ($95m). It made a net profit of DM2m last year. Deutsch Schweizerische Bank, which is expected to become a fully-owned subsidiary of Slavenburg's "very shortly," had net profit of DM705,000 in 1977 on a balance sheet total of DM150m. Its capital is DM4.6m.

Naarden moves into deficit

AMSTERDAM, Nov. 27.

NAARDEN INTERNATIONAL, the Dutch chemicals company, reported a Fl 2.2m ($1.05m) loss for the first nine months of this year compared with a profit of Fl 4.8m a year ago.

Turnover in the period was up by 6.9 per cent to Fl 339m from Fl 317m in the same period of 1977.

The company said that "developments in the third quarter indicate that the current financial year will be closed with a loss despite earlier, more favourable expectations."

Normally, Naarden does not publish interim statistics. However, in view of the loss it decided to issue a statement for the January to September period.

AP-DJ

Dutch bank to buy papermaker

BY OUR OWN CORRESPONDENT — AMSTERDAM, Nov. 27.

THE DUTCH central bank is to take the unusual step of acquiring a private company, Van Houtum en Palm, to guarantee its supplies of high-quality paper for banknotes. The aim of the takeover is to secure the future of the company in the interest of both sides, the bank said.

The bid will go ahead if, in the bank's view, there are sufficient acceptances from the shareholders. VHP has a factory in Apeldoorn employing 230 and making wood-free paper and another in nearby Ugchelen employing 100 making watermark paper for banknotes and cheques. The Ugchelen factory is the central bank's largest supplier of this sort of paper. Both factories will be maintained under their own management.

KUWAITI DINAR MARKET

Oslo issue should ease doubts

BY FRANCIS GHILES AND LESLIE ANNE MITCHELL

THE LAUNCHING of a KD 10m issue for a triple A rated borrower, the City of Oslo, last Saturday should help to dispel the suspicion that only borrowers with less than perfect credentials find it necessary to tap this market.

There are suggestions that a prestigious U.S. name might now tap the Kuwait market, though this would be on a private basis. The indicated terms for the City of Oslo issue include a coupon of 7¾ per cent and a ten year maturity. It will be managed by Kuwait International Investment Company.

Three features, apart from the quality of the borrower, mark this bond out: the amount of money being raised is one of the largest seen in this market; the maturity of the paper is the longest ever; and the interest the borrower is paying is about one and a half percentage points below what he would have paid on a dollar denominated bond.

The Arabian Gulf capital market opened in 1968 when the World Bank raised the equivalent of $50m in the form of a KD-denominated ten-year issue. There was a long pause after this until June, 1974, when the Philippines came to the market for a KD 5m five-year bond.

The closest this sector ever came to attracting a triple A-rated borrower was in September of that year when Oesterreichische Kontrollbank raised KD 5m for three years and more recently, in May of this year when the Finnish export credits organisation, Suomen Veintilutte Oy-Finlands Exportkredit arranged a KD 7m five-year bond. Maturities of more recent issues have increased as have the size of the bonds. Split maturities of eight/ten years and amounts of up to ten years are not unknown.

Thirty-three issues denominated in KDs were floated during the four years up to the end of 1977; while the volume of new issues was sluggish last year. 1978 looks like marking an improvement. The value of KD issues floated in 1974 amounted to KD 45.5m ($164.8m) and KD 87m in 1976 ($315.2m), while the figure dropped last year to KD 20m ($72.4m). Although the figure for 1976 is not expected to be reached this year, there will definitely be an improvement on last year's figure.

The Kuwaiti Dinar market badly needs good quality borrowers if it is to widen its scope. It also needs to place more of the paper outside the Gulf. Claims from Kuwait that a proportion of some KD issues are placed outside the Gulf are met with great scepticism in London

Many bankers see the real advantage of KD denominated bonds as stemming from the stability both of the interest rates and of the currency which is tied to an undisclosed basket of currencies, essentially those in which most of Kuwait's trade is carried out.

This "basket" feature is helping to attract investors who are looking for long term investment and the security provided by a stable exchange rate. Taking January 1, 1974, as a starting point the value of the KD had moved up to 112 per cent of that of the dollar by the end of October 1978 against a rise of up to 135 per cent for the Deutsche Mark and 135 per cent for the yen. The relation between the Kuwaiti Interbank Offered Rate (KIBOR) and the London Interbank Offered Rate (LIBOR) has changed: last autumn the KIBOR was a solid two points above LIBOR, today it is the other way round.

The KD market badly needs good quality borrowers if it is to widen its scope. It also needs to place more of the paper outside the Gulf. Claims from Kukait that a proportion of some KD issues are placed outside the Gulf are met with great scepticism in London, where bankers point out that European-based houses are probably buying KD paper for Gulf clients. The secondary market also needs to develop a depth which it lacks at present. Having said that, the City of Oslo bond is a step in the right direction. It needs to be followed by others.

Westfield to reconstruct capital

BY JAMES FORTH

SYDNEY, Nov. 27.

WESTFIELD, the major Australian property development group, plans a capital reconstruction which should enable the current dividend income to be increased more than eight-fold without seeking any new funds. The proposal, which had been foreshadowed by directors, was revealed at today's annual meeting in Sydney. It involves the formation of a new holding company and a listed property trust to replace the existing company.

Westfield shareholders will receive one share in the holding company and eight units in the property trust for each share in the present company. The directors expect that the holding company will maintain the current Westfield dividend rate of 10 cents a share, and that the trust will distribute at least 9 cents a share. This means that instead of the present 10 cents a share in dividends existing Westfield shareholders will receive at least 82 cents under the new scheme. Surplus income of the trust above the proposed 9 cents annual distribution will go as to 40 per cent to the holding company.

About 80m units in the property trust will be issued to Westfield shareholders, with a substantial number of units also going to the holding company.

It is proposed to sell several of Westfield's income producing property developments to the trust, which will be managed by the Westfield group. An office project in Sydney and a shopping centre in Queensland will be sold to an Australian institution on a lease back arrangement which will enable the mortgages to be discharged on the properties being sold to the trust. The present issued capital of Westfield will be discharged except for five shares, which will be held by the holding company.

Once the arrangement has been concluded the Westfield holdings group will have ownership of properties not sold to the trust, leasehold of properties sold to the trust, management of several shopping centres on behalf of the trust, a substantial holding in the trust, and further participation in the trust through the management agreement which provided for the holding company to share in income above the 9 cents per units annum.

The chairman, Mr. D. R. Stephens told shareholders that the increased distribution was possible because of the expansion in group activities, the sale of properties enabling the discharge of indebtedness and the transfer of tax liability from the group to members. Income earned by property trusts does not qualify for tax, whereas Westfield under its present structure is liable for income tax, while Australian shareholders are also taxed on their income from dividends. Mr. Stephens said that the new proposals would not take effect until July, 1979.

Speculation about a property trust had resulted in Westfield shares rising in recent months from A$3.00 to more than A$7.00. In July, the directors said that they were considering a reappraisal of the value of the company's properties. Westfield shares rose A$1.10 a share in Sydney after the announcement, to close at A$8.20.

Japanese capital spending to rise

By Richard C. Hanson

TOKYO, Nov. 27.

SPENDING FOR plant and equipment in the Japanese manufacturing sector is now expected to show a slight increase in the fiscal year ending next March over last year—the first annual rise following continued drops registered since a peak in 1974, the Ministry of International Trade and Industry (MITI) found in its latest survey.

The 2.3 per cent projected increase in manufacturing sector spending is not expected to continue, however. The companies surveyed said that fiscal 1979 will see another fall of 3.4 per cent. This year, spending is estimated at Y3,286bn ($17bn), up from Y3,212bn last year when spending was down 10.7 per cent. At its 1974 peak, spending by manufacturers totalled Y4,269bn.

Overall, the survey of 1,847 companies taken in the middle of September showed that capital spending this fiscal year will be up 17.3 per cent to Y7,176bn, but officials at MITI note that the total would actually show a decline if the electric power industry is left out. The electric power industry, which is expecting a 40.5 per cent rise, has stepped up spending sharply in line with Government plans to boost the economy. Next year, overall spending is projected to show a decline of 3.8 per cent.

Hong Kong Government quells market rumours

BY ANTHONY ROWLEY

HONG KONG, Nov. 27.

MOVES by the authorities here on Sunday night to quell speculation concerning a major finance company have been followed by a rise in the stockmarket, with the Hong Kong Index closing 16.42 firmer yesterday, at 501.14.

Sunday's statement by the Financial Secretary, Mr Philip Haddon-Cave, that rumours of difficulties at Sun Hung Kai Securities were "baseless" and even "malicious" was also aimed at allaying more generalised fears about the soundness of certain financial institutions, following the recent stockmarket tumble.

Sun Hung Kai Securities—in which Paribas recently agreed to take a 17 per cent stake—is the biggest broking concern in Hong Kong, responsible for around half the total market turnover, and last week issued its own statement denying losses in the gold or share markets on clients' accounts or clients' margin accounts. It also denied rumours that its finance arm was suffering liquidity problems, and revealed the existence of substantial financial support lines, running to HK$400m (U.S.$83m), from major banks.

The official statement on Sunday said that the Financial Secretary together with the Monetary Affairs Secretary, Mr. D. W. Blye, and the Commissioner of Deposit Taking Companies, Mr. C. Martin, had examined detailed statements of Sun Hung Kai's financial position over the weekend.

They concluded that Sun Hung Kai Finance, "is in a position to meet its obligations to depositors as they fall due." The most recent balance sheet showed that at June 30, Sun Hung Kai Finance had deposit liabilities of HK$598m.

However, Mr. Haddon-Cave's statement also criticised the company for its "undesirable" practice of repaying fixed-term deposits on demand, and advised that in future such deposits should be paid only upon maturity. Sun Hung Kai had accepted his advice, he stated.

The Financial Secretary's statement explained that Sun Hung Kai had repaid fixed-term deposits before maturity "in good faith, in order to reassure their customers in the uneasy trading atmosphere of the past few days.

"While this practice may be acceptable in the short term, if it were to be continued indefinitely it would have the effect inevitably of using up liquid funds earmarked for short-term liabilities. Thus the normal cash flow of a finance company could easily be disturbed."

The practice was "most undesirable." Mr. Haddon-Cave advised all finance companies—there are over 200 here registered under the Deposit Taking Companies Ordinance—to "think carefully" about the implications of repaying deposits before maturity.

This is generally interpreted here as a move to prevent deposit-taking companies finding themselves in an illiquid situation should the recent sharp fall in the stockmarket, and fears of overheating in the property market, encourage investors to withdraw their funds.

The Financial Secretary's statement added that nervous trading conditions in the stockmarket last week were attributable to "wild rumours without substance."

Qantas makes record profit

By Our Financial Staff

QANTAS AIRWAYS, the Australian national airline, made a profit on airline operations of A$15.97m (US$18.2m) before tax in the year to March 31 — the highest since the company's incorporation in November 1920.

The result was substantially above the A$11.81m earned in 1976-77, when the company turned round by A$26m its previous loss on airline operations.

Operating profit after income tax, abnormal and extraordinary items was A$6.47m, out of which the directors recommended the payment of a dividend of 10 per cent.

Sir Lenox Hewitt, the chairman of Qantas, said the greatly improved results could be attributed to tight control of costs, greater use of the larger and more efficient Boeing 747 aircraft, and the cessation of unprofitable services.

Concessions for private sector

BY WONG SULONG

KUALA LUMPUR, Nov 27.

THE MALAYSIAN Government has announced two major concessions to the private sector in regard to the requirements of Malay participation in its equity and labour force.

Under the Government's controversial Industrial Co-ordination Act, companies have to divest 30 per cent of their equity to Bumiputras (Malays) and employ a workforce reflecting the racial composition of the country. This means employing at least 55 per cent Malays.

These requirements have been the cause of much dissatisfaction among the private sector, particularly Chinese businessmen, many of whose concerns are still family operations, and who are reluctant to admit Malays as partners.

Dr. Mahathir Mohamad, the Deputy Prime Minister and Minister of Trade and Industry, said at the annual dinner of the Malaysian Manufacturers Association here over the weekend that the Government would relax these requirements.

Companies now need not comply immediately to Malay equity requirements if such companies have exhausted all possible ways of getting Malays to buy up the reserved shares. Such shares should be sold to other Malaysians, and resold to Malays at the earliest opportunity.

Dr. Mahathir said the Government would also be flexible on the Bumiputra workforce requirement if concerns found difficulty in getting suitable Malays.

The Government's relaxation of these two requirements is motivated by the argument that businessmen might prefer not to start new ventures if they had to comply with these requirements immediately, while Malays themselves would not want to invest in companies that were not profitable.

There are currently more than 500m ringgit (U.S.$225m) worth of shares that are not taken up by the Malays.

In welcoming the relaxation a spokesman of the Associated Chinese Chamber of Commerce and Industry said that it was a positive step in removing a major constraint on investments.

Metal Box Singapore steady as sales improve

BY H. F. LEE

SINGAPORE, Nov. 27.

METAL BOX Singapore has reported a decline in group pre-tax profit, of less than 1 per cent, to S$3.38m (U.S.$1.5m) for the half-year to September, in spite of a 22 per cent rise in sales. However, as a result of reduced tax provisions, profit after tax and minority interest rose by about 10 per cent to S$1.96m.

Metal Box attributed the strong sales to increased demand from Singapore customers, but profit, it said, was adversely affected by poorer trading conditions in Thailand.

The group has declared an unchanged gross interim dividend of 6 per cent. However, Fraser and Neave and Malayan Breweries, which together were issued 7m new shares in the group last month, will not be entitled to the dividend.

The new shares were issued to Fraser and Neave and Malayan Breweries — the two largest customers of the group — at S$2.32 per share in connection with a major expansion of Metal Box Singapore's operations, costing between S$30m and S$35m.

With the issue of the new shares, Fraser and Neave and Malayan Breweries each hold 17 per cent of the equity of Metal Box Singapore while Metal Box Overseas of the UK is still the largest single shareholder with 41 per cent, against 62 per cent previously.

Air Pacific recovery

SUVA, Nov 27

AIR PACIFIC, the Fiji Government-controlled South Pacific airline, has announced a record profit of F$828,747 (US$ 820,000) for the year ended March 31, following five years of losses, that included a deficit of more than F$1m in the previous year.

Mr. Donald Aidney the chairman, attributed the turnround in part to the fact that for the first time Air Pacific had been able to utilise fully its BAC 1-11 jets on routes to Australia and New Zealand.

In the annual report, he noted that Fiji is renegotiating bilateral air rights agreements with New Zealand, the U.S. and Australia and said that existing agreements had restricted the company's growth.

AP-DJ

Acquisitions should help Dorbyl to maintain profit

BY RICHARD ROLFE

JOHANNESBURG, Nov. 27.

PRE-TAX PROFITS of Dorman Long Vanderbijl (Dorbyl) the leading heavy engineering group in South Africa, fell in the year ended September 30, from R20.6m to R17.1m ($19.7m). With an increase in the tax rate, the net figure was down from R15m to R10.6m, and, reflecting an increase in issued share capital from 7.7m to 8m shares, earnings per share fell from 178c to 116c. Dorbyl paid an unchanged dividend of 55c, putting the shares at 810c on a yield of 9 per cent.

The board records that the current level of economic activity remains low, but that due to acquisitions and to consolidation of group subsidiary interests, the current level of profits should be maintained. The principal acquisition has been Dorbyl's offer for the 43 per cent it does not own of Busaf Industries, but it has also acquired some small engineering and instrumentation companies.

The group faces a claim by Sasol, the oil-from-coal group, of R9m for alleged breach of contract on certain equipment supplies. The claim has been referred to arbitration and the Dorbyl board, while convinced the liability will not be upheld, says that in the event of the claim being proved, dividend policy will not be affected.

Write-offs hit Carpenter

BY OUR OWN CORRESPONDENT

SYDNEY, Nov. 27.

W. R. CARPENTER Holdings, the diversified industrial group, earned a net profit of $A2.15m ($2.5m) in the September quarter, and the directors considered that the full year's profits "should be back on line," Mr. C. H. V. Carpenter, the chairman, told shareholders at the meeting in Sydney.

The company last month reported a profit of only A$335,000, compared with A$10.3m in 1976-77. The major problem was the need for further large write-offs, totalling A$6.56m, for property losses and continuing difficulties in Fiji. The directors at the time forecast a recovery in profitability and said that they would provide shareholders with a quarterly report at the annual meeting.

The A$2.15m earned in the first three months compared with A$380,000 for the same period of 1977-78, but that was after a provision of A$1.64m against property losses. There was no further provisions in the first quarter of the current year.

In fact, the directors reported abnormal profits of A$1.5m from the sale of properties, and Mr. Carpenter said there was the probability of further such profits during the year.

There had been substantial improvement in results from divisions operating in Australia and Fiji. Results from Papua New Guinea had failed to match last year's performance, but were still ahead of budget. The outlook for commodities had also brightened, though production in some cases was still below budget, mainly through seasonal factors. This mainly affected cocoa, where prices had recently made solid gains. Copra had risen sharply while coffee continued at firm levels and tea prices were also strengthening.

Profit slowdown at Cycle Bintang

BY OUR OWN CORRESPONDENT KUALA LUMPUR, Nov. 27.

AFTER SEVERAL years of sharp growth, profits at Cycle and Carriage Bintang Berhad, the Malaysian assembler and distributor of Mercedes and Mitsubishi cars, have slowed down to a moderate level.

Profits before tax for the year ending September was 17.88m ringgits (U.S.$8.1m), or 5.3 per cent more than in the previous year, although the after-tax profit was 10 per cent higher at 9.4m ringgits.

Sales rose by 22 per cent to 162m ringgits (U.S.$73.6m), and the company profit margins appeared to have suffered from the appreciation of the yen and the mark, in the face of controlled prices of cars.

Nevertheless, the company is paying a final dividend of 15 per cent, making the total for the year to 22 per cent, compared with 20 per cent last year.

Meanwhile, Berjaya Kawat, the leading Malaysian manufacturer of wire ropes and other steel products, has reported a 56 per cent increase in profits for the first half-year, ending October. Pre-tax profits were 2.2m ringgits (U.S.$1m), compared with 1.4m ringgits for the comparable period last year. Sales rose by 26 per cent to 15.4m ringgits (U.S.$7m).

The company said that the good results were attributed to the firm demand for its products from the Malaysian logging industry, and good export sales.

A one-for-two scrip issue has been declared, to capitalise on 3.7m ringgits of its retained profits, raising the paid-up capital to 11.1m ringgits.

The uncertainties facing seabed mining

BY PAUL CHEESERIGHT

THE SEVENTEENTH century proverb, "between the devil and the deep sea," has acquired a special meaning for the uncomfortably situated and fledgeling international sea-bed mining industry. The devil is the more real for having a dual personality.

One side is political uncertainty, there being no agreed regime of laws to govern the exploitation of the resources of the ocean floor: the deposits of manganese nodules with their contents not only of manganese but of nickel, copper, cobalt and other metals. The other side is economic uncertainty: the recession on the metal markets having threatened the marketing and financial premises on which sea-bed mining had been conceived.

The result is that the companies involved—mainly in the U.S. but also taking in British, European and Japanese interests—do not have the confidence to commit themselves to major investment. But nor do they want to withdraw from the field after a multi-million dollars research effort going back over the past decade. They are in limbo.

Broadly, the industry knows how to collect nodules from the ocean floor up to 16,000 ft below the surface, and it knows how to bring them back to a mother ship. It knows how to separate the metals out from the ore. But what it does not know is how its test systems will work in a sustained commercial operation, and it is not sufficiently sure of the future to spend the money to find out.

The general point is manifest at a particular level in the case of the Kennecott Copper consortium, one of the four most active groups in the field. Kennecott's case is of interest to Britain because BP Minerals, Consolidated Gold Fields and Rio Tinto-Zinc each hold 10 per cent equity and to that extent carry with them Government concern about diverse and secure supplies of minerals in the 1990s.

Soldiers gone

At the beginning of last year there were about 160 people working on the Kennecott sea-bed project at its San Diego headquarters in California. Now there are only 25. The soldiers have gone: only the officers and NCOs remain.

So far the project has spent about $40m and has reached the stage where it wants to put together an integrated mining system, involving two vessels and a small processing plant—a system that is large enough both to verify the test techniques already worked out and to scale up for a commercial operation. But the cost would be at least $50m.

This sum is not large relative to the total cost of bringing a sea-bed mining project to production, which in the Kennecott case would be about $750m, but it is a gamble without the assurance of future output. Given the turbulence within Kennecott's corporate structure and its recent poor earnings record, the commitment will not be lightly made.

Sooner or later there will have to be an extensive pilot scheme. When one Kennecott man noted, "There are no precedents for working out the relationship of the test models to reality," it was a reminder that although the concept of sea-bed mining is very simple, the technology is new. In effect, it has been made up as the project has advanced.

It has, of course, been a long time in the making. As far back as 1960-62 Kennecott dredged 10 tons of nodules for metallurgical analysis. There followed years of exploration, the choice of a site the location of which in the north east equatorial Pacific remains undisclosed, and the detailed survey of that site.

By 1972 the emphasis had switched from the search for a site to the design of a collecting device for the nodules. The work had to be started from scratch and culminated in a series of tests for what came to be known as Model V in 1974-75.

Put crudely, Model V is a vacuum cleaner about 20 ft long. It works on a system of hydraulic suction, picking up the nodules from the ocean floor as it is towed by a surface vessel. In the tests it picked up the nodules at a rate of 2,000 tons per day. Photographs taken later showed that the swathe cut by the head of Model V was about 4 ft wide and it had left nothing behind.

A commercial collector would be about 6 ft wide and the plan is that four would work simultaneously, thus giving a collection rate of 16,000 tons of nodules per day. Kennecott will not reveal the mineral content of the nodules it has picked up and intends to harvest later, but the ore grades are probably about 29.8 per cent manganese, 1.36 per cent nickel, 1.2 per cent copper and 0.2 per cent cobalt.

Model V was tested on a variety of terrains, because the ocean floor is not flat. Kennecott's mine site is roughly 60 miles long and 40 miles wide and the steepest gradient on the topographical map which has been worked out is 2,000 feet over 20 miles.

Once gathered by the collector the nodules will be pumped to the mother ship and thence to a transport vessel. Kennecott has never yet actually pumped up the nodules from the ocean floor, although other consortia have. Tests on land have been carried out and technologists in San Diego feel there should be no problem.

Processing the nodules, to extract the minerals, will take place on shore. Kennecott would prefer a site—about 200 acres would be needed—in California or Hawaii. But preference may have little to do with the outcome. There is some fear that state approval will never be given for a California plant, and that even if permits for building ever did come through, it would take at least three years to obtain them.

Assuming a plant is eventually built, the separation of the minerals would be undertaken hydrometallurgically, by the patented Cuprion process. The nodules cannot be treated by the same processes that are suitable for land-based sulphide ores.

Cuprion is directed at extracting nickel, copper and cobalt from the nodules, without dissolving the manganese in the ore. It is different from normal smelting processes which dissolve everything, working instead with a series of chemical reactions. The nature of the reactions is well understood and pilot tests, giving an output of 800 lbs of metal a day have been carried out. From the technical standpoint, Kennecott's only concerns relate to detailed engineering.

Dilemma

The reason for putting the manganese to one side, as it were, and regarding it as a by-product, is that the nodules are simply not a low cost source of supply. The project was conceived as a nickel venture with subsidiary sources of revenue from cobalt and copper.

But both market and political conditions have changed in recent years. Nickel and copper prices have been depressed, but cobalt prices have been sharply boosted by the instability in Zaire and the African reductions in copper output. The second factor has led to a decline in cobalt production as cobalt is often a by-product of copper. At Kennecott, it is felt that the cobalt price rise has in fact stabilised economic projections for the project.

The case of manganese is more difficult. A large portion of world manganese production comes from South Africa and there are fears about security of supplies. This is forcing Kennecott to re-think its attitude to the manganese content of the nodules. The necessity throws into question the economics of the Cuprion process.

One of the reasons Cuprion is thought to be economic is that it has not been considered necessary to extract manganese. It is possible to extend the process and extract manganese after getting out the nickel, cobalt and copper. On the other hand it may well be more efficient and cheaper in the long run to rework the whole metallurgy, thus treating the manganese at the same time as the nickel, cobalt and copper content of the nodules.

The nature of this dilemma is a comment on the big problem facing Kennecott and other sea-bed mining consortia. It is how to plan for tomorrow's range of political and economic unknowns with the tools of today.

The successful mining groups are those which guess correctly. The UK companies' involvement, with tacit Government support, reflects not only on the country's role as a major consumer of raw materials but the realisation that future security of supplies may depend on a willingness now to invest in the unorthodox.

Currency, Money and Gold Markets

$ eases before trade figures

The dollar had a weaker tone in rather quiet featureless trading yesterday. It finished at its lowest level of the day against most major currencies, and showed mixed changes from the close on Friday. The U.S. currency touched a best level of DM1.9350 against the D-mark, before closing at DM 1.9250, compared with DM 1.9305 on Friday. It rose to a high point of SwFr 1.7500 in terms of the Swiss franc, but ended at SwFr 1.7330, compared with SwFr 1.7325 before the week-end. The best level recorded by the dollar against the Japanese yen was Y197.25, and it closed at Y196.25, compared with Y195.25 previously.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, narrowed to 8.1 per cent from 8.3 per cent.

Market sources suggested that they would not be surprised if the market continued to drift quietly until the end of the year.

There was some surprise in London at the apparent strength of the pound, which met steady demand from New York during the afternoon. Sterling opened at $1.9360-1.9370, and eased to $1.9345-1.9355 in early trading. During the afternoon, sterling touched a best level of $1.9435-1.9445, and closed at $1.9430-1.9440, a rise of 45 points on the day. The pound's trade-weighted index, on Bank of England figures, rose to 62.4 from 62.3, after standing at 62.5 at noon, and 62.4 in the morning.

NEW YORK—The dollar moved narrowly in quiet early trading, ahead of the consumer price index, and trade figures. The U.S. currency was generally above its late-Friday levels in New York, probably continuing the reaction to the rise in banks' prime lending rates before the week-end.

PARIS—The dollar drifted down in quiet trading, finishing at FFr 4.4315 against the French franc, compared with a day's high of FFr 4.4375. It remained firmer than Friday's closing level of FFr 4.4150 however. The market was generally hesitant ahead of the U.S. consumer price index and trade figures. Other major European currencies were slightly firmer against the franc, with the D-mark rising to FFr 2.30, from FFr 2.2925 late Friday. The Swiss franc also improved, rising to FFr 2.5450 from FFr 2.5400 in the morning, but down from Friday's close of FFr 2.5550. Sterling finished at FFr 8.5880, compared with FFr 8.5800 in early trading, and FFr 8.58 on Friday.

FRANKFURT—The Bundesbank bought $7.75m when the dollar was fixed at DM 1.9321 against the D-mark, compared with DM 1.9215 previously. There was little change in late trading, with the U.S. currency easing to DM1.9315, in uneventful and quiet trading. The market appeared reluctant to move ahead of the U.S. trade figures, which are expected to show a deficit of $1.5bn to $2bn. Any results outside this range may lead to a sharper dollar movement later this week.

MILAN—The lira was firm against most other major currencies, with the exception of the dollar and sterling. The U.S. currency rose to L852.70 against the lira at the fixing, from L849.05 on Friday, but the Japanese yen fell to L4.331 from L4.374.

AMSTERDAM—The dollar eased to Fl 2.0865 in terms of the guilder in late trading, from a fixing level of Fl 2.0975, compared with Fl 2.0860 on Friday.

ZURICH—Early trading was very quiet, with the dollar firm against other major currencies. There was no news to influence the market and no sign of intervention by the Swiss authorities. By mid-morning the U.S. currency was at SwFr 1.7440 in terms of the Swiss franc, unchanged from its opening level.

TOKYO—The dollar gained ground in quiet trading, closing at Y196.62½ against the yen, compared with Y193.97½ on Friday. The U.S. currency opened at Y195.20, and touched a high point of Y196.60, helped by demand for dollars from importers. There was no particular interest in yesterday's trading, which may have been somewhat subdued ahead of publication of the U.S. consumer price index today, and the U.S. trade figures tomorrow. Market expectations are for the trade figures to be similar to the September deficit of $1.6bn.

THE POUND SPOT

FORWARD AGAINST £

THE DOLLAR SPOT

FORWARD AGAINST $

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER MARKETS

EXCHANGE CROSS RATES

Nov. 27	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.944	3.743	382.0	8.593	3.375	4.070	1652	2.269	58.85
U.S. Dollar	0.515	1	1.926	196.6	4.424	1.737	2.094	850.0	1.170	30.28
Deutsche mark	0.267	0.519	1	102.1	2.297	0.902	1.088	441.4	0.612	15.72
Japanese Yen 1,000	2.618	5.088	9.797	1000.	22.51	8.835	10.65	4325	5.992	154.1
French Franc 10	1.163	2.261	4.355	444.5	10.	3.926	4.734	1921	2.662	68.45
Swiss Franc	0.296	0.576	1.109	113.2	2.547	1	1.206	489.5	0.678	17.44
Dutch Guilder	0.246	0.478	0.920	93.86	2.112	0.829	1.	405.9	0.562	14.46
Italian Lira 1,000	0.605	1.176	2.265	231.2	5.204	2.045	2.464	1000.	1.386	35.62
Canadian Dollar	0.437	0.849	1.635	166.9	3.755	1.474	1.778	721.7	1.	25.71
Belgian Franc 100	1.699	3.302	6.359	649.1	14.61	5.735	6.916	2807	3.890	100.

EURO-CURRENCY INTEREST RATES

Nov. 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12-13¼	9¾-10	8½-9½	8¼-8½	par-½	3½-3½	6¼-6¾	20-30		1¼-3¼
7 day's notice	12½-12¾	9⅞-10⅛	8½-9½	8¼-8½	par-½	3½-3¾	6½-6¾	19-21	9¾-10¼	2-par
Month	13-13½	11⅞-12⅛	9⅜-10	9-9¼	par-½	3⅝-3⅞	7¼-7⅜	16½-17½	11⅞-12	
Three months	13¼-14⅛	11⅝-12	10¼-10½	9⅛-9¼		3¼-3½	8¼-9	17-18	11⅝-11¾	1¼-1½
Six months	14⅛-14½	12-12¼	10-10½	8⅝-9⅛		4-4½	9⅛-9⅜	17½-18½	12⅛-12¼	2¼-2½
One year	14-14⅛	11⅞-12¼	10⅛-10⅜	8⅝-8⅞	1⅛-1½	4¼-4½	10½-10¼	17¼-18¼	11⅝-11¾	5¼-5½

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.20-10.30 per cent; three months 11.45-11.55 per cent; six months 11.55-11.65 per cent; one year 11.55-11.65 per cent.

Long-term Eurodollar deposits: Two years ... per cent; three years ... per cent; four years ... per cent; five years ... per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Uncertainty over target rate

Federal funds were trading at 9⅞-9¾ per cent in New York yesterday, up from Friday's level of 9⅝-9¾ per cent.

There was some confusion in the market, after Friday's actions by the authorities had drained liquidity from the system. This was taken as a possible move to raise the Fed target rate, which is now assumed to be in the region of 9¾ per cent. On the other hand, a small increase in the target rate would be difficult to identify and only by waiting for a few days will it become clear as to whether or not the authorities' actions were merely technical.

Treasury bill rates were quoted lower at 8.80 per cent against 8.85 per cent late Friday for 13-week bills and 9.28 per cent from 9.29 per cent for 26-week bills. One-year bills were also easier at 9.28 per cent compared with 9.31 per cent.

FRANKFURT—Interbank money rates were mostly easier with call money at 3.45-3.55 per cent from 3.5-3.6 per cent and one-month money at 3.3-3.5 per cent against 3.5-3.6 per cent. The three-month rate fell 3.9-3.95 per cent to 3.75-3.85 per cent and six-month money eased to 3.8-4.0 per cent compared with 3.95-4.05 per cent. On the other hand, the one-year rate rose slightly to 4.2-4.3 per cent from 4.15-4.25 per cent previously.

West German money supply (M3) continued to increase sharply during October, rising by DM 11.7bn compared with September's increase of DM 6bn. This represents an annual rate rise of some 13.4 per cent against 12.8 per cent for September.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were generally lower throughout with the one-month rate at 9¼-9⅝ per cent from 9⅝-9¾ per cent on Friday, and three-month at 9¼-9½ per cent from 9⅝-9⅞ per cent. Six-month deposits fell to 8⅞-9⅛ per cent against 9-9¼ per cent while 12-month deposits were quoted at 8⅝-9 per cent. Call money fell to 5.85 per cent from 6.15 per cent.

PARIS — Interest rates were slightly easier where changed. Day-to-day money and one month money were both unchanged at 6⅝ per cent and 6¾-6⅞ per cent respectively. The three-month rate fell to 6⅞-6⅞ per cent from 8¼-7¼ per cent. Six-month money was unchanged at 7⅛-7¼ per cent while the one year rate eased to 7¼-7⅛ per cent against 7¼-7⅜ per cent.

ROME—At the November Treasury bill auction yields on six and 12-month bills were unchanged while the three-month yield fell. Six and 12-month bills yield 11.50 per cent and 12.30 per cent respectively. At three-months the rate fell from 10.68 per cent in October to 10.46 per cent. The Bank of Italy stated that commercial banks had reduced their holdings of the bills during the month, in order to switch more to longer term maturities. A total of L4 trillion of bills and L1 trillion of savings certificates were offered at the auction. In Milan money market rates were fairly steady and call money was unchanged at 10⅜-10¾ per cent as was one-month money at 10¾-11 per cent. The two-month rate was quoted at 11-11¼ per cent from 11-11¼ per cent while three-month money traded at 11¼-11½ per cent, unchanged from Friday.

HONG KONG — Conditions in the money market were tight with call money at 11¼ per cent.

GOLD

Weaker trend

Gold fell $3½ to close at $197¾-$198¼ in moderately active trading yesterday. It opened at $200-$200¼, the highest level of the day, and was fixed at $199.70 in the morning, and $198.40 in the afternoon. The metal traded within a fairly narrow range, until the U.S. market opened. New York came in sharply lower, and continued to put downward pressure on the price up to the close.

In Paris the 12½ kilo gold bar was fixed at FFr 28,800 per kilo ($201.88 per ounce) in the afternoon, compared with FFr 28,800 ($202.02) in the morning, and FFr 28,950 ($204.31) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 12,435 per kilo ($200.24 per ounce) compared with DM 12,510 ($202.42) on Friday.

	Nov. 27	Nov. 24
Gold Bullion (a fine ounce)		
Close	$197¾-198¼	$201¼-202
Opening	$200-200¼	$201¾-202¼
Morning fixing	$199.70 (£102.644)	$202.75 (£104.405)
Afternoon fixing	$198.40 (£102.453)	$202.70 (£104.405)
Gold Coins domestically		
Krugerrand	$203-211 (£104¾-108¾)	$209¾-211¼ (£108-109)
New Sovereigns	$60-62 (£30-31)	$59-61 (£30-31)
Old Sovereigns	$59¼-60¼ (£30¾-31)	$59-61 (£30½-31½)
Gold Coins Internationally		
Krugerrand	$204-206 (£104¾-106¼)	$206¼-210¼ (£107¼-108¼)
New Sovereigns	$52-54 (£27-28)	$53-55 (£27-28)
Old Sovereigns	$58-60 (£30-31)	$58-61 (£30-31)
$20 Eagles	$276-285	$282-286
$10 Eagles	$148-153	$148-153
$5 Eagles	$98-103	$97-102

UK MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a very large amount of Treasury bills, all direct from discount houses, and a small number of corporation bills. The total assistance was described as very large. Houses were paying up to 12 per cent for secured call loans at the start although conditions eased slightly later on with small amounts taken at 10¾ per cent. Most trading was concluded, however, nearer 11 per cent.

The market was helped by a small excess of Government disbursements over revenue transfers to the Exchequer. On the other hand there was a fairly large net take up of Treasury bills and a modest increase in the note circulation.

In the interbank market, overnight loans opened at 11¾-12¼ per cent and rose on the forecast to 12¼-12¾ per cent, a level which saw considerable trading. Rates declined a little to 11¾-12 per cent before falling off at the close to 10-10½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Nov. 27 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	10-12¾	—	—	—	12¼-12¾	10¼-12	—	—	—
2 days notice	—	—	11¾-12½	—	—	12½-12¾	—	—	—	—
7 days or ...	—	—	—	—	—	—	11¾-12	—	—	—
7 days notice	—	12-12¼	12-12¼	—	12⅝	—	—	—	—	—
One month	12¼-12⅛	12-12¼	11⅝-12⅛	12¼-12½	12¾	12½	12	11⅝-11¾	12-12¼	12¾
Two months	12¼-12⅛	12¼-12	[illegible]	11⅞-12¼	12⅝	12⅝	11⅝	11⅝	12-12¼	12¾
Three months	12¼-11⅞	12¼-12	12½	11⅝-11¾	12⅛	—	11⅝	11⅝-11¾	11-12	12¾
Six months	11-11⅛	11⅝-12	11⅞	11⅝-11¾	12⅝	—	—	—	11⅝-11¾	13
Nine months	11-11⅛	11-11⅝	[illegible]	11⅝-11¾	12⅝	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. ... Finance House Base Rates (published by the Finance Houses Association) ... Clearing Bank Deposit Rates for small sums at seven days' notice ... Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.9455 per cent.

MONEY RATES

NEW YORK

Prime Rate	11-11.5
Fed Funds	9.875
Treasury Bills (13-week)	8.80
Treasury Bills (26-week)	9.28

GERMANY

Discount Rate	3
Overnight	3.50
One month	3.40
Three months	3.85
Six months	4.25

FRANCE

Discount Rate	9.5
Overnight	6.625
One month	6.8125
Three months	6.9437
Six months	7.125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.25
Bills Discount Rate	4.625

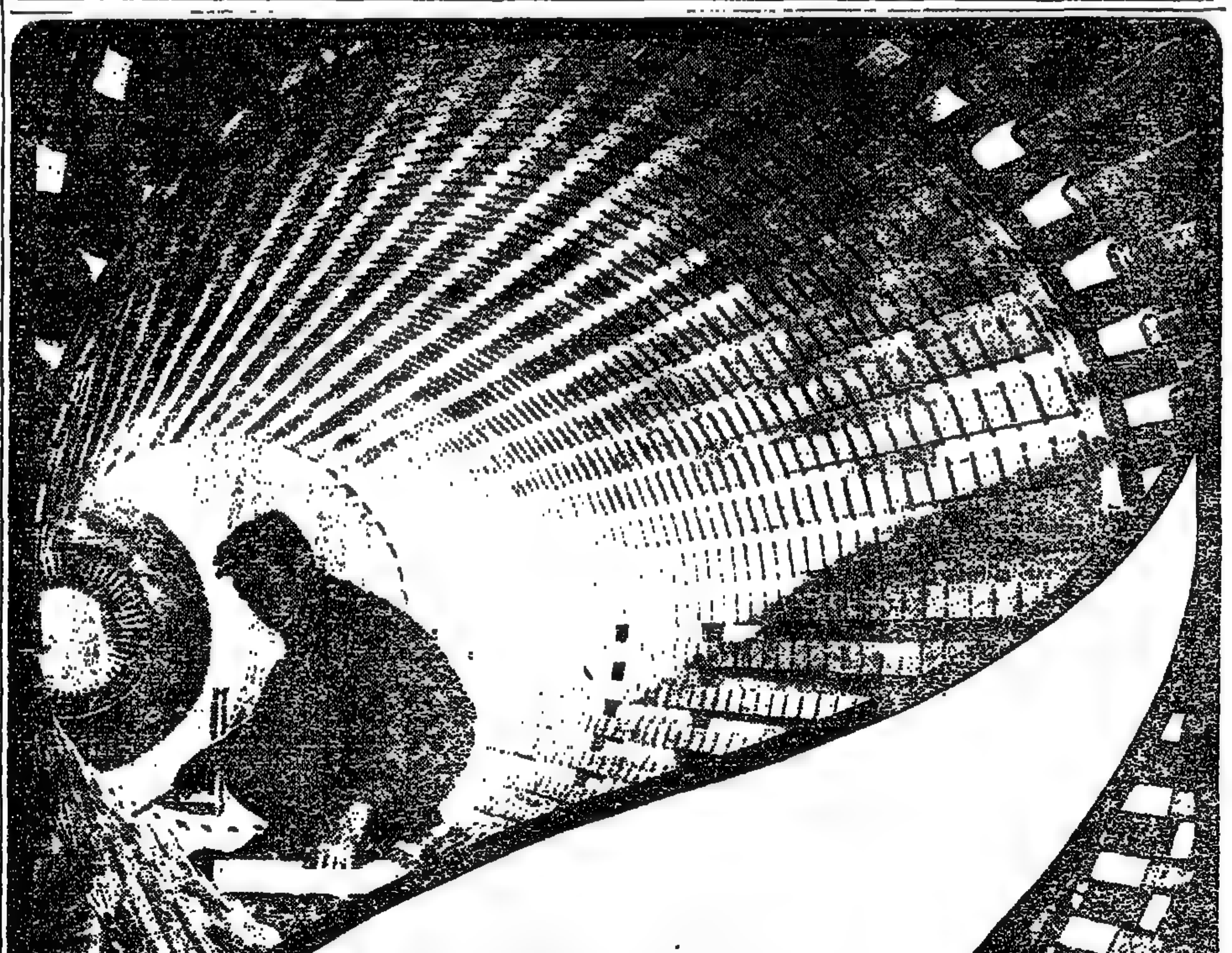
World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on November 27, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.



THE JOBS COLUMN

Senseless way to decide career prospects

BY MICHAEL DIXON

READERS are still calling the Jobs Column because, as recruiters, they are bothered by intended changes to this country's basic school-leaving examination. When the dual exams of GCE Ordinary levels and the Certificate of Secondary Education are replaced by a single system, the recruiters ask, what will the new grades mean in terms of O levels?

Sadly the questioners seem unrelieved, and on occasion a mite impatient, when I reply that their query is beside the point. The problem is not how to tell, when the new exam becomes operative in England and Wales about seven years hence, what it means in terms of O levels. The problem is how to tell, right here and now, what O levels mean in terms of anything.

So clearly there remain people in personnel work who base their recruitment of youngsters from education on a severe misunderstanding. It is that the examiners award their grades by looking at each candidate's answers in the particular subject, and comparing them with some pre-decided criteria of relative performance.

What actually happens is quite different, at least in the most commonly taken subjects which attract a mass entry of examination candidates. There, who is awarded which grade is primarily determined by a statistical method called "norm-referencing." And although I have outlined this method elsewhere in the FT, the misapprehension is evidently still sufficiently widespread, and unjust in its effects, to merit another explanation here.

How norm-referencing works at Ordinary level has not, to my knowledge, been spelt out, and there may be variances of approach among the eight different GCE examining Boards. But a general idea of the method's operation in O-level mass-entry subjects can be inferred from the official statistics on the exams.

First, put out of mind the word "standard" as it is normally understood. The only constant standard that seems to apply is an assumption by the examiners that there is no significant change from year to year in the age group for which O-level is designed—here taken as the 16-year-old age group. On that assumption, there would be no significant change either in the percentage of each year's group deserving a given grade.

Now look at the "Assumed figures" at the top of the accompanying table. What the examiners appear to have intended is expressed by the final pair of columns, namely, to have the pass grades—today represented by grades A-C—"cut off" from the rest of the eligible age group, the most academically able 22 to 28 per cent of youngsters.

But the examiners knew that what is a fairly tough exam would simply not be entered by the whole of the age group, and so had to make another assumption as to what percentage of the whole would come forward as candidates. What they assumed is expressed by the "Entry as %" columns of the Assumed figures in the table, namely, that only the top 40 per cent of the group would enter.

On that assumption the most academically able 22 to 28 per cent of the whole could be cut off by first, ranking the candidates in each mass-entry subjects in order of the marks they gained for their answers, and drawing the pass/fail borderlines across the rankings at some point from 22-40ths to 28-40ths of the way down or, in percentage terms, between 55 per cent and 70 per cent of the way down. That bracket is expressed by the "% gaining" columns of the table. And provided the number of youngsters entering each mass entry subject is around 40 per cent of the whole age group, as it is in the Assumed figures section, then the norm-referencing device duly cuts off the desired 22 to 28 per cent of the total population of the eligible age.

Having drawn the cut-offs, the examiners do not just post off the results and go for a drink. They look at the answers of candidates close to the various grade borders, and may adjust the awards up or down accordingly. But a glance at the Actual figures in the table shows that the percentages gaining pass grades all fall within the 55 to 70 range in both 1968 and 1976—respectively the earliest and latest years for which I have statistics. And this is so even though the actual growth of entry in the different subjects varies widely on either side of the 12 per cent increase in the total age group betwen the two years.

The only trouble is that, in the Actual figures, there is not a single case in which the entry in the subject corresponded to the ordained 40 per cent. So in no case did the percentage of the total age group cut off by the pass grades fall within the apparently intended 22 to 28 bracket.

In one instance, English language, the entry and the percentage cut-off were way above the assumed figures. In the rest, both entry and cut-off cascaded from just below the intended levels in the case of mathematics to wildly under in the case of German. Moreover, some subjects in themselves seem to have become "easier" or "harder" to pass, according to the examiners' criterion, between 1968 and 1976.

Evidently, therefore, the O-level pass grade does not necessarily represent anything constant at all. Nor does attainment of five "passes" necessarily signify greater academic ability than do fewer passes in a different mixture of subjects.

What a shame it is, then, that failure to "get five Os" is used more and more commonly by Government and other employers to restrict a youngster's career prospects for ever afterwards.

ORDINARY-LEVEL RESULTS
(total 16-years age group in 1968 = 660,000: in 1976 = 739,000)

	Number entering exams 1968	(% rise in entry)	Number entering exams 1976	Entry as % of total age group 1968	Entry as % of total age group 1976	% gaining pass grades 1968	% gaining pass grades 1976	% of total age group "cut off" by pass grades 1968	% of total age group "cut off" by pass grades 1976
Assumed figures, all main subjects	264,000	(12.0)	295,600	40.0	40.0	55.0–70.0	55.0–70.0	22.0–28.0	22.0–28.0
Actual figures:									
English language	341,134	(32.6)	452,179	51.7	61.2	58.6	59.5	30.3	36.4
Mathematics	226,210	(19.5)	270,297	34.3	36.6	59.1	58.3	20.3	21.3
English literature	202,774	(22.5)	248,485	30.7	33.6	63.8	58.9	19.6	19.8
Biology	140,898	(48.7)	209,559	21.3	28.4	58.1	56.4	12.4	16.0
Geography	156,613	(20.5)	188,765	23.7	25.5	58.9	54.5	14.0	13.9
French	149,533	(2.0)	152,459	22.7	20.6	60.8	59.6	13.8	12.3
History	138,785	(7.5)	149,242	21.0	20.2	55.5	57.0	11.7	11.5
Physics	100,160	(37.7)	137,929	15.2	18.7	55.5	59.0	8.4	11.0
Art	80,741	(39.2)	112,422	12.2	15.2	68.3	65.0	8.4	9.9
Chemistry	78,539	(42.9)	112,221	11.9	15.2	58.8	60.9	7.0	9.2
Religious knowledge	62,149	(2.5)	63,717	9.4	8.6	57.1	60.0	5.4	5.2
German	34,107	(29.7)	44,246	5.2	6.0	59.7	57.9	3.1	3.5

مكتبة من الأصل

BOND DRAWING

SOCIETE DES AUTOMOBILES SIMCA (Act. CHRYSLER FRANCE)

7% 1967-1982

Loan of $U.S. 15,000,000.00

We inform the bondholders that the redemption instalment of $U.S. 1.250,000.00 nominal due 15th December 1978 has been satisfied by purchase of $U.S. 356,000.00 nominal bonds and by the drawing for redemption of the undermentioned bonds amounting to $U.S. 894,000.00 on 27th October 1978, in Luxembourg, in the presence of an "huissier."

The bonds will be reimbursed at par on 15th December 1978, coupon due 15th December 1979 and following attached, according to the modalities of payment on the reverse of the bonds.

The numbers of such drawn bonds are as follows:

08935 - 08936 - 08937 - 08938 - 08939 - 08940 - 08946 - 08947 - 08948 - 08951 - 08952 - 08953 - 08979 -
08984 - 08985 - 08986 - 08988 - 08989 - 08990 - 09002 - 09003 - 09004 - 09005 - 09006 - 09007 - 09008 -
09017 - 09038 - 09039 - 09040 - 09065 - 09066 - 09067 - 09068 - 09069 - 09070 - 09071 - 09072 - 09073 -
09074 - 09075 - 09076 - 09077 - 09078 - 09084 - 09085 - 09086 - 09087 - 09088 - 09089 - 09090 - 09091 -
09092 - 09094 - 09095 - 09096 - 09097 - 09112 - 09113 - 09114 - 09171 - 09176 - 09177 - 09178 - 09179 -
09180 - 09181 - 09182 - 09183 - 09184 - 09208 - 09210 - 09211 - 09212 - 09213 - 09214 - 09219 - 09220 -
09227 - 09228 - 09229 - 09230 - 09231 - 09251 - 09252 - 09254 - 09255 - 09256 - 09257 - 09258 - 09259 -
09260 - 09261 - 09262 - 09263 - 09264 - 09315 - 09316 - 09317 - 09318 - 09319 - 09320 - 09321 - 09322 -
09323 - 09324 - 09325 - 09326 - 09327 - 09328 - 09329 - 09330 - 09331 - 09332 - 09333 - 09335 - 09336 -
09339 - 09340 - 09341 - 09342 - 09343 - 09344 - 09345 - 09346 - 09347 - 09348 - 09349 - 09365 - 09366 -
09373 - 09374 - 09375 - 09376 - 09377 - 09378 - 09379 - 09380 - 09381 - 09382 - 09383 - 09384 - 09411 -
09412 - 09413 - 09414 - 09415 - 09416 - 09417 - 09418 - 09419 - 09420 - 09421 - 09422 - 09423 - 09424 -
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[illegible] - 10923 - 10924 - 10925 - 10926 - 10927 - 10928 - 10929 - 10950 - 10951 - 10952 - 10953 - 10954 -
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11362 - 11363 - 11364 - 11365 - 11366 - 11367 - 11368 - 11369 - 11370 - 11371 - 11373 - 11374 - 11375 -
11376 - 11377 - 11378 - 11379 - 11380 - 11381 - 11383 - 11384 - 11385 - 11386 - 11388 - 11389 - 11402 -
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11457 - 11458 - 11460 - 11461 - 11462 - 11463 - 11464 - 11465 - 11466 - 11467 - 11468 - 11469 - 11470 -
[illegible] - 11480 - 11484 - 11485 - 11486 - 11487 - 11488 - 11489 - 11490 - 11491.

The following bonds previously called for redemption have not yet been presented for payment:

7024 - 7293 - 7294 - 7295 - 7331 - 7344 - 7345 - 7346 - 7347 - 7348 - 7458 - 7520 - 7562 - 7582 - 7583 -
[illegible] - 7840 - 7912 - 7918 - 7919 - 7930 - 7931 - 7932 - 8007 - 8090 - 8091 - 8093 - 8094 - 8095 - 8096 - 8097 -
[illegible] - 8099 - 8100 - 8101 - 8102 - 8103 - 8104 - 8105 - 8106 - 8107 - 8108 - 8109 - 8110 - 8111 - 8112 - 8113 -
[illegible] - 8115 - 8116 - 8117 - 8118 - 8119 - 8120 - 8121 - 8122 - 8123 - 8124 - 8125 - 8126 - 8127 - 8132 - 8133 -
[illegible] - 8138 - 8139 - 8140 - 8141 - 8142 - 8143 - 8144 - 8145 - 8146 - 8168 - 8191 - 8228 - 8242 - 8243 - 8468 -
[illegible] - 8470 - 8471 - 8472 - 8520 - 8528 - 8540 - 8887.

Amount outstanding after 15th December 1978: $U.S. 5.000,000.00 nominal.

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Av. E. Reuter
LUXEMBOURG

LEGAL NOTICES

No. 003965 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of EXECUTIVE LEASING LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 7th day of November 1978, presented to the said Court by CAMBRIDGE MOTOR COMPANY SHEFFIELD LIMITED of 11 to 17 Division Street, Sheffield S1 4GE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 11th day of December 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

STUART & SWYER
32-34 Alfred Place,
London, W.C.1.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 8th day of December 1978.

IN THE MATTER of THE COMPANIES ACT, 1948 and IN THE MATTER of S. H. LANSDELL AND SONS LIMITED Registered Office: Northgate House, 2 High Pavement, Basildon Essex.

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a MEETING of the CREDITORS of the above named Company will be held at Winchester House, London Wall, London, EC2 on 13th December 1978 at 11.00 am for the purpose mentioned in Section 294 et seq of the said Act.

Dated this 20th day of November, 1978
By Order of the Board
C. G. Lansdell
Director

ART GALLERIES

OMELL GALLERIES. Fine British and French MODERN DRAWINGS and Modern British MARITIME PICTURES. 42, Albemarle Street, Piccadilly, W.1.

RICHARD GREEN GALLERY, 36, Dover Street, London, W.1. 01-491 3277. CHRISTMAS EXHIBITION OF PAINTINGS UNDER £3,000. Daily 10.00-6.00. Sats. 10.00-12.30. Until December 22nd.

RICHARD GREEN GALLERY, 4 New Bond Street, London, W.1. 01-499 5487. THE VICTORIAN SCENE. Daily 10.00-6.00. Sats. 10.00-12.30. Until December 22nd.

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. DRAWINGS FOR CHRISTMAS PRESENTS. Until 22 Dec. Mon.-Fri. 9.30-5.30. Thurs. until 7.

AGNEW GALLERIES, 43, Old Bond St., W.1. 01-629 6176. DUTCH AND FLEMISH PICTURES FROM SCOTTISH COLLECTIONS. A loan exhibition in aid of the National Trust for Scotland. Until 8 December. Entrance fee 80p. And FRAGONARD DRAWINGS for Orlando Furioso. Until 15 December. Mon.-Fri., 9.30-5.30. Thurs. until 7.

COLNAGHI, 14, Old Bond Street, London, W.1. 01-491 7408. PICTURES FROM THE GRAND TOUR. 14 Nov.-16 Dec. Mon.-Fri. 10.00-6.00. Sats. 10.00-1.00.

DAVID CARRITT LIMITED, 15, Duke Street, St. James's, S.W.1. SEURAT Paintings and Drawings. Until 15 December. Mon.-Fri. 10.00-5.00.

GOLDSMITH'S HALL, Foster Lane, E.C.2. "TOUCHING GOLD AND SILVER." 500 years of Hallmarks. Until Nov. 30th Free. 10.30-5.30 daily, not Sunday.

MALL GALLERIES, The Mall, S.W.1. Royal Miniature Society 80th Annual Exhbn. Mon.-Fri. 10.00-5.00. Sats. 10.00-1.00. Until 1.00 p.m. 9 Dec. Adm. 20p.

ST. PAUL'S GALLERY, 8 Ave Maria Lane E.C.4 (off Ludgate Hill). 01-248 6359. Oil and Watercolour Paintings, Sculpture, Framed and Unframed Fine Art Reproductions including Signed Limited Edition Prints. Open 9.00-5.00. Mon.-Fri.

BROWSE & DARBY, 19, Cork St., W.1. JOHN SELWAY — Circus Pictures. NORMAN ADAMS—Flower Pictures.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W.1. Exhibition of Old marine, military and sporting and topographical prints and paintings and ships models.

WILDENSTEIN. Paintings, etchings and lithographs by SERGIO TELLES. Until 15th December. Weekdays 10-5.30. Saturday 10-12.30. 147, New Bond Street, W.1.

FIELDBORNE GALLERIES, 63, Queens Grove, N.W.8. 586 3600. Paintings by RODNEY BURN, FREDERICK GORE, LORD METHUEN, LEONARD ROSOMAN, RUSKIN SPEAR, JOHN WARD, CAREL WEIGHT.

APPOINTMENTS

New director general for COI

Mr. John Groves, at present director of information at the Department of Health and Social Security, is to succeed Mr. H. L. James as director general of the CENTRAL OFFICE OF INFORMATION. Mr. James retired at the end of September.

Mr. Groves joined the Press Association in 1947 as a Parliamentary reporter and in 1951 moved to The Times where he spent seven years including four years as lobby correspondent at Westminster. In 1958 he joined the Civil Service and for three years was in charge of the Treasury Press Office. He served as deputy public relations officer to the Prime Minister, Mr. Harold MacMillan, for two years followed by a short spell as public relations adviser to Sir Alec Douglas Home. In 1964 he was responsible for setting up the information division of the Department of Economic Affairs where he remained until 1968. He then moved to Ministry of Defence where he was chief of public relations for nine years before taking up his present post at DHSS.

★

On December 1, Mr. Richard H. Finn becomes president of INTEGRATED CONTAINER SERVICE, INC. He has been serving as executive vice president of ICS, and will retain the title of chief operating officer of ICS, a subsidiary of Interway Corporation, said to be the world's largest lessor of intermodal transportation equipment. Mr. Finn joined ICS in London, in 1969 as operations controller—Europe, and was appointed vice president—Europe the same year. He transferred to New York in 1975.

★

The Earl De La Warr has been appointed chairman of BROADCAST RELAY SERVICE (Overseas), holding company for overseas interests of the Rediffusion Group, in succession to Sir John Spencer Wills who has resigned following his resignation from the Board of Rediffusion. Lord De La Warr is managing director of Rediffusion.

★

Mr. Gerald Wightman has been appointed an additional director of ALLIED TEXTILE COMPANIES.

★

AMERICAN INTERNATIONAL UNDERWRITERS (LONDON) announces that Mr. Graham A. Clarke has been appointed aviation claims manager.

★

Promotion to vice-president of the American parent company of Mr. John Beddows and Mr. John Phillips is announced by KURT SALMON ASSOCIATES, an international consulting firm specialising in the textile/apparel chain and other consumer goods and services industries. Mr. Beddows is manager of KSA's apparel manufacturing division in the UK. Mr. Phillips directs the European operations of KSA in the retailing and distributive industries and manages KSA's retail industry practice in the UK.

Mr. G. Braman has joined ATS HOLDINGS, Haywards Heath, as financial controller and company secretary.

New chairman of the NATIONAL CAVITY INSULATION ASSOCIATION is Mr. Stewart Pennycuick, senior technical service chemist with Ciba-Geigy Plastics and Additives Company, Duxford, Cambridge. Mr. Ernest Hodgson, product manager foam resins of BIP Chemicals, Oldbury, Warley, Worcestershire, is appointed vice-chairman.

★

Mr. Peter Scott has been appointed managing director of PRO-COM ASSOCIATES (ENGINEERING), a wholly-owned subsidiary of High-Point Services Group. Mr. Scott was previously head of commercial services and earlier director of contracts and purchasing of NEI International Combustion.

★

Mr. David Buxton has been appointed a director of COUTTS AND CO. He joined the bank in 1946 and became head of business development division in 1970. He has been head of financial services division since 1975.

★

Mr. John Walker has been appointed to the Board of Telford-based BAT BUILDING AND ENGINEERING PRODUCTS.

★

Mr. D. Marriott-Smalley has been appointed to the Board of BERGER JENSON AND NICHOLSON, as supervising director—overseas operations. Mr. Marriott-Smalley joined BJN in 1959 as general manager for Pakistan and was appointed managing director, Berger Paints Nigeria, six years later. In 1972 he became managing director of Robbialac Portuguesa, a position he held until his return to the UK earlier this year.

★

Mr. Herbert S. Hepner has joined the Board of F. MILLER (TEXTILES).

★

The BOLTON GROUP of companies announce that following the retirement of Mr. C. Shepley-Cuthbert from the chairmanship of F. Bolton International and Corder Hunting Bolton, and his impending retirement on January 10 from other executive directorships, Mr. K. B. Ohlson becomes chairman of Corder Hunting Bolton. Mr. K. B. Ohlson and Mr. B. L. Clay are appointed directors of F. Bolton Group from January 10. Mr. Shepley-Cuthbert will become a non-executive director of F. Bolton Group and Bolton Ingham (Agency) from January 10.

Mr. H. L. J. Hallett becomes an assistant director with F. Bolton International from December 1.

★

On completion of the redevelopment by Bishopsgate Estates of the Banque Belge new building, Mr. J. C. Rushbrooke has retired from BANQUE BELGE and resigned from the Board of BISHOPSGATE ESTATES.

PUBLIC NOTICES

INTERVENTION BOARD FOR AGRICULTURAL PRODUCE INVITATION TO TENDER

Tenders are invited for the urgent supply and delivery cif from any EEC port of 21,280 tonnes of soft wheat to be supplied in bulk as United Kingdom national food aid to the Government of Bangladesh. The wheat is to be loaded into one vessel and delivered to the port of Chittagong during February 1979.

The allowance for the supply and transportation costs of the grain will be determined on examination of the tenders. Delivery terms embodied in a notice of invitation to tender together with tendering forms may be obtained from Branch (Cereals), Internal Market Division, Intervention Board for Agricultural Produce, 2 West Mall, Reading (tel.: Reading 3626).

Tenders must be submitted by 12 noon Tuesday, 12th December 1978, to:

Home Grown Cereals Authority
Hamlyn House, Highgate Hill, London N19 5PR

COMPANY NOTICES

REFINERIA DE PETROLEOS DEL NORTE, S.A. PETRONOR—7¾% BONDS 1973/1988 $US15,000.000

Notice is hereby given to Bondholders of the above loan that the amount redeemable on January 4, 1979—i.e. $US1,000,000 was bought in the market.

Amount outstanding: $US14,000,000

THE TRUSTEE
FINIMTRUST S.A.

Luxembourg, November 28, 1978

SOCIETE EUROPEENNE POUR LE FINANCEMENT DE MATERIEL FERROVIAIRE EUROFIMA—1974/1989 8½% $US25,000,000

Notice is hereby given to Bondholders of the above loan that the amount redeemable on January 15, 1979—i.e. $US1,250.000 was bought in the market.

Amount outstanding: $US22,500,000

Luxembourg, November 28, 1978

THE FISCAL AGENT
KREDIETBANK S.A.
LUXEMBOURGEOISE

POSTPONEMENT OF MEETING

NOTICE IS HEREBY GIVEN that a Meeting of Stockholders of LA REINANTE NAVEGACION S.A.

10.21 a.m.

Corporation duly organised under the laws of The Republic of Panama, will be held on Wednesday, December 6th, 1978, at the respective time designated above at the Consulate General of Panama, 1270 Avenue of Americas New York, NY, U.S.A. The purpose of the Meeting is to consider matters relating to the settlement of the disputes involving the Corporation and to consider any other matters that may come before the Meeting.

CLUBS

EVE, 159, Regent Street. 734 0582. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Show at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

CLASSIFIED ADVERTISEMENT RATES

	per line £	single column cm. £
Commercial and Industrial Property	4.50	14.00
Residential Property	3.00	8.00
Appointments	4.50	14.00
Business & Investment Opportunities, Corporation Loans, Production Capacity, Business for Sale/Wanted	5.25	16.00
Education, Motors, Contracts & Tenders, Personal, Gardening	4.25	13.00
Hotels and Travel	2.75	10.00
Book Publishers	—	7.00

Premium positions available
(Minimum size 40 column cms.)
£1.50 per single column cm. extra

For further details write to:

Classified Advertisement Manager,
Financial Times, 10, Cannon Street, EC4P 4BY.

Dow 3.7 firmer on late bargain hunting

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—79⅝% (82½%)

Effective $1.9435 34% (35⅞%)

AFTER FLUCTUATING narrowly in rather quiet trading yesterday, Wall Street finished with a further small net gain on balance, helped by late bargain hunting.

The Dow Jones Industrial Average was finally 3.72 higher at 812.84, while the NYSE All Common Index gained 12 cents at $53.56 and rises held an edge over declines of 779 to 685. Turnover was a fairly modest 19.79m shares, but well-surpassed last Friday's low figure of 14.50m, which was limited by holiday influences.

The Federal Reserve apparently indicated through its actions that it had tightened credit slightly, causing stock prices to turn slightly easier around mid-session. However the market appeared to take in its stride a boost in the Prime Rate to 11¾ from 11 per cent that began last Friday and became industry-wide yesterday.

Analysts commented that the market is unlikely to make any definite moves until there is some positive indication of when interest rates will peak and how severe any recession may be.

They added that some investors may have wanted a look at the Consumer Price Index for October, due today, before committing cash to the market. Some Wall Street sources are expecting a continuing sharp rise in the index, and Bache Halsey Stuart Shields has projected a rise on an annual basis of 8.4 to 9.6 per cent.

Some investors may also be waiting for balance of trade figures and leading economic indicators, both due tomorrow.

The market took some heart from a rise in General Motors, which closed 1¼ up at $56¾ on reporting a 33.7 per cent jump in mid-November car sales. Ford's sales for the period were down 10.5 per cent, but the shares gained ⅜ to $41½.

Gaming issues dominated the action with mixed results. Caesars World, the volume leader, lost ⅞ to $25½, but Bally Manufacturing, in second place, rose 1¼ to $42⅜.

Ramada Inns eased ⅛ to $9½, but Del E. Webb put on ⅞ to $16⅞ ex-dividend, Playboy ⅛ to $15⅜ ex-dividend and Metro-Goldwyn-Mayer 1¼ to $39⅞.

Sears Roebuck hardened ⅛ to $22 in active trading. It plans to buy back about 10m of its Common shares.

Boeing, which has recently received several $1bn dollars worth of aircraft orders, moved ahead 2¼ to $67½ in active trading. Rohr Industries, on winning $218m of orders from Boeing, climbed ⅞ to $15½.

American Telephone put on ⅛ to $61. The U.S. Supreme Court has refused to hear appeals by the company and others aimed at restricting MCI Telecommunications' long distance telephone business. MCI gained ⅛ to $8¼.

Cooper Laboratories advanced 1⅛ to $21⅛. The company may link its internal medicine division with a European pharmaceutical concern or sell it for $100m. Data Terminal Systems added $3 at $41½ in response to higher fiscal third-quarter net profits.

Tokyo

Late profit-taking eroded initial fresh gains yesterday, leaving stocks easier for choice on balance after active trading. Volume 400m shares. The Nikkei-Dow Jones Average, after briefly touching a new record high of 6,001.06, retreated to 5,979.44 for a loss of 10.32 on the day.

Shares generally turned downwards after news that Masayoshi Ohira appeared to have won the primary vote over Takeo Fukuda in the race for leader of the ruling Liberal Democratic Party. In Japan, the new party President becomes Prime Minister.

Brokers said, however, that some of the stocks related to the Government's finance programme were quickly bought on hopes that Ohira will take steps to expand public works if he becomes Prime Minister.

Paper-Pulps and Printings eased on speculation that if Fukuda resigns his post, the altering of the yen's denomination will not be carried out, brokers added.

Japanese Press reports said Fukuda would decide whether he will run in Friday's run-off election after consulting with the voters who had thrown their support behind him.

Floods, Real Estates, Photo Films and Heavy Electricals also closed lower, but Cotton Spinners, Chemicals, Pharmaceuticals and Communications finished higher.

Steels ended mixed after fairly active trading as fresh buying *alternated with profit-taking.*

Shipping Lines gained further ground, still benefiting from the recovery in the world tanker market, while export-orientated issues showed a preponderance of gains, Sony adding Y30 at Y1,540 and Toyo Kogyo Y7 at Y3,750.

Paris

Most sectors lost ground in a market undermined by last Friday's announcement of a rise in the French retail price index to 0.9 per cent in October from *0.6 per cent in September.* The Paris Bourse Industrial index shed 0.7 to 76.3.

Creusot Loire lost FFr 2.50 to FFr 58.50 despite announcing higher sales for the first nine months, while Electro-Mecanique, which also had higher sales, eased 50 centimes to FFr 62.

Stocks recording the heaviest declines included Silic, Poclain, Bouygues, Club Mediterranee, Ericsson, Marine Wendel, Sacilor, Francaise de Raffinage, Rhone-Poulenc, Sommer-Allibert and Europe 1. Gaining against the general trend were Locafrance, Beghin, Kali, Perrier, Moulinex, and Penarroya.

Germany

Share prices continued to lose ground in a very thin business, with the Commerzbank index receding a further 6.6 to 818.6.

Participants said the iron and steel workers strike in North Rhein-Westphalia, Osnabrueck and Bremen, scheduled to begin today, *further dampened sentiment* in domestic issues, while unrest in Iran upset Foreign stocks.

Motors were sharply lower with the exception of BMW, which closed unchanged at DM 222 after a favourable third-quarter report. Volkswagen retreated DM 4.50 and Daimler-Benz DM 3.00.

Deutsche Bank lost DM 3.30 and Hapag Lloyd DM 3, but Metallgesellschaft moved ahead DM 3.50 to DM 261.50.

On the Domestic Bond market, the slide continued, with Public *Authority loans losing up to 30 pfennigs more.* The Regulating Authorities bought DM 6.3m nominal of paper after DM 8.8m purchases last Friday.

Hong Kong

Market rallied in further quiet trading, with sentiment helped by the week-end statement by Financial Secretary Philip Haddon-Cave that adverse rumours about the financial position of Sun Hung Kai Intl. and its subsidiaries were baseless. The Hang Sang Index regained 16.42 to 501.14.

Sun Hung Kai Securities advanced 22 cents to HK$1.95, while all the market leaders participated in the rise, with Jardine adding 30 cents at HK$12.10, Hong Kong Bank 30 cents at HK$16.90 and Swire Pacific "A" 30 cents at HK$7.35.

A Hong Kong Land statement that it has received about 11,700 applications for the last 424 flats at one of its residential developments gave an extra fillip to Properties. Hong Kong Land rose 25 cents to HK$8.10, Cheung Kong 45 cents to HK$9.10 and Swire Properties 10 cents to HK$3.05.

Australia

Shares mainly moved narrowly with no clear trend emerging in light trading.

However, property developer Westfield featured with an advance of A$1.14 to A$8.28 in response to reorganisation proposals.

Among Stores, G. J. Coles put on 3 cents to A$2.18, but Woolworths shed 4 cents to A$1.30. *Bundaberg Sugar declined 5 cents* to A$3.25, but CSR contrasted by rising that amount to A$3.27.

Banks generally slipped back a little, with National losing 4 cents to A$2.40.

Goals provided firm spots in Utah, 5 cents higher at A$3.80, and Coal and Allied, 10 cents up at A$4.90.

Uraniums, on the other hand, were mostly lower, Peko-Wallsend receding 12 cents to A$5.38, Queensland Mines 10 cents to A$3.20 and Kathleen Investments 12 cents to A$2.60.

Renison Tin reacted 20 cents to A$9.70 and Ashton Mining 2 cents to 80 cents, but CRA gained 4 cents to A$3.12 and Central Norseman 5 cents to A$11.85.

Johannesburg

Golds generally drifted easier in thin trading in line with lower Bullion prices.

Platinums, however, had Impala 15 cents ahead at R3.85 and Rustenburg 10 cents up at R1.93 in response to the latest increase in both companies' producer price levels.

Financial Minings declined, but Copper shares hardened by up to 10 cents. Industrials were narrowly mixed in slack dealings.

Amsterdam

Slightly easier tendency on lack of interest, but Royal Dutch and Unilever, among Dutch Internationals, hardened Fl 0.80 apiece.

Elsewhere, Boskalis fell Fl 7 to Fl 123 on news of a one-for-six rights issue at Fl 105. KNSM, KLM and Heineken each declined Fl1.50 while Bijenkorf receded Fl2.30.

Switzerland

Market was easier-inclined, but Jelmoli, in Stores, put on 20 to SwFr 1,460, while Nestle Bearer, in Foods, gained 105 to SwFr 3,200.

Domestic Bonds were marginally lower, while Foreign Bonds showed larger losses. Early redemption of two Federal loans, reported by the Finance Ministry, came too late to affect the market.

Milan

Stocks improved in reasonably active trading.

Fiat advanced 122 more to L2,860 on continued unconfirmed rumours that the company intends to distribute an interim dividend.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
● Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

NEW YORK

CANADA

† Bid. ‡ Asked. § Traded. ¶ New stock.

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

JOHANNESBURG

MONDAY'S ACTIVE STOCKS

GERMANY ◆

TOKYO ¶

Source Nikko Securities, Tokyo

AUSTRALIA

OSLO

BRAZIL

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ♠

COPENHAGEN ♣

STOCKHOLM

SPAIN ●

MILAN

VIENNA

BASE LENDING RATES

A B N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd	12½%	■ Hill Samuel	§12½%
American Express Bk.	12½%	C. Hoare & Co.	†12½%
Amro Bank	12½%	Julian S. Hodge	13½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	10 %
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	Edward Manson & Co.	13½%
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd.	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Trust	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13½%
Choulartons	12½%	Shenley Trust	14 %
Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	11½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	12½%		
First Nat. Fin. Corp.	12½%		
First Nat. Secs. Ltd.	12½%		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10¼% and over £25,000 10½%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

EUROPEAN OPTIONS EXCHANGE

Series		Jan Vol.	Jan Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
ABN	F.380	1	5.60	—	—	—	—	F.369
AKZ	F.30	11	1.60	—	—	2	4.10	F.29.60
AKZ	F.32.50	27	0.50	—	—	8	3.50	..
AKZ	F.35	—	—	—	—	14	2.10	..
ARB	F.70	—	—	3	9	—	—	F.75.90
EK	$60	—	—	3	5½	—		$59⅛
HO	F.32.50	1	4	—	—	—	—	F.34.80
HO	F.35	4	2.20	5	4	—	—	..
HO	F.37.50	25	1.50	15	3	—	—	..
HO	F.40	20	0.60	47	2.40	—	—	..
HO	F.45	—	—	—	—	10	2.40	
IBM	$240	3	34½	—	—	—		$270½
IBM	$280	7	6½	—	—	1	18	..
IBM	$300	—		—	—	2	11	
KLM	F.130	5	5	—		—	—	F127
KLM	F.150	—	—	15	4.50	—	—	..
KLM	F.190.50	1	0.10	—	—	—	—	
NN	F.108.90	2	5.60	—	—	—	—	F.110.70
PHI	F.22.60	—		—	—	10	4.50	F.24.60
PHI	F.25	10	2.60	—	—	9	2.60	..
PHI	F.27.50	10	0.30	10	1.20	2	1.60	..
PHI	F.30	—	—	—	—	8	1.10	..
PRD	$45	—	—	4	7½	—	—	$48⅛
RD	F.120	41	7.90	7	12	1	12	F.125.50
RD	F.130	24	2	25	5.40	—	—	..
S	$20	2	2¼	—	—	—	—	$21½
UNI	F.120	—	—	4	6.40	—	—	F.122
UNI	F.130	—	—	1	1.50	—	—	..
XON	$50	2	2	—	—	—	—	$50¼
XRX	$50	5	5⅞	—	—	—	—	$53¾
		Nov.		Feb.		May		
BA	$60	—	—	1	8	—	—	$64¼

TOTAL VOLUME IN CONTRACTS 401

World food supply warning

ROME, Nov. 27.

WORLD FOOD and agriculture output has been largely satisfactory at global and regional level this year, according to the UN Food and Agriculture Organisation (FAO). But the current situation in a number of areas gives rise to immediate concern, it said.

World food production is expected to rise by 3 to 3.5 per cent in 1978, FAO said in a report prepared for its congress on the state of food and agriculture opening today.

World agricultural production is expected to show a slightly smaller rise, of 2.5-3 per cent, mainly owing to a fall in cotton production.

However, long-term production growth continues to be insufficient in the developing countries, and under-nutrition is very widespread.

Serious flooding has damaged crops in several Asian countries and desert locusts still threaten many African and Asian countries, while the effects of outbreaks of African swine fever in the Mediterranean and Latin America have yet to be fully assessed.

World trade in agricultural products continued to be affected in 1978 by the low rate of economic growth in most of the developed countries, the FAO report said.

In developing countries, the terms of trade for agricultural exports deteriorated sharply in the first half of this year, after a marked recovery last year.

Reuter

Rise in nickel demand forecast

FRANKFURT, Nov. 27.

NICKEL CONSUMPTION in the Western world is expected to rise [illegible] per cent in 1979, Walter Sies, head of Metallgesellschaft AG's economic research department said here.

He said consumption next year of aluminium should rise 5.2 per cent, lead 3.5 per cent, copper [illegible] per cent, zinc 2.5 per cent and [illegible] 2 per cent.

Consumption this year has been satisfactory, with nickel up an estimated 7.1 per cent at [illegible]9,000 tonnes (466,000) and aluminium up 6.3 per cent at [illegible]06m tonnes, he said.

Mr. Sies noted aluminium has fully recovered from the sharp consumption fall in 1975. Current levels were 7 per cent above the previous high seen in 1974. Lead and copper were now up to their previous highest consumption levels.

Impala Platinum confirmed it had raised its world producer price for platinum from $280 to [illegible]00 an ounce, Rustenburg

Tin market up sharply despite rise in stocks

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES rallied strongly on the London Metal Exchange yesterday, wiping out last week's losses.

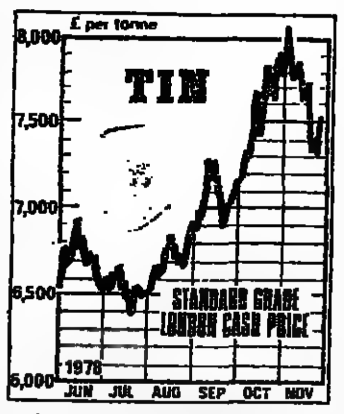
Standard grade cash tin closed £150 up at £7,515 a tonne significantly widening its premium over the three months quotation which gained £107.5 to £7,395.

The increase in prices came despite a rise in warehouse stocks, up by 215 tonnes, boosting total holdings to 2,340 tonnes. Tin stocks in the LME warehouses have risen in the past six weeks from 1,340 tonnes, which was the lowest level since at least the early 1960s.

However the market's performance yesterday suggests that these stocks are not freely available. Attempts to "borrow" spot supplies—by buying cash and selling an equivalent amount forward—met with a shortage of traders prepared to sell cash tin.

It was claimed that the market had been rather oversold. At the same time sentiment was influenced by a rise in the Penang market over the weekend and the boost given by fears that the Bolivian change of Government might result in disruption of supplies from the world's second biggest producer of tin.

As expected copper stocks fell again by 5,550 tonnes cutting total holdings to 390,050 tonnes. But trading interest remains at a low ebb at present, and early modest gains were offset later when the New York market opened on a lower note.



Lead stocks showed a modest rise of 325 tonnes to 26,850 tonnes when some dealers were predicting another fall. But there was sufficient buying interest to hold the market steady and prices closed higher. Zinc values, however, lost ground despite the expected fall in warehouse stocks, down by 100 to 71,975 tonnes.

Reuter reported from Geneva that first indications from the International Lead and Zinc Study Group statistics committee meeting there are that both metals will be in supply-demand balance or show a small production deficit this year, according to Robert Dietrich, chairman of the group.

He added that forecasts of 1979 supply-demand are not completed, but so far they indicated a balance for lead and possibly a small production surplus for zinc.

Mr. M. N. Anderson, president of Cominco, said in Toronto that his company's zinc sales in 1978 will be the best for three years. He claimed that the company would be entering 1979 with "zero inventories" of zinc.

Cominco's lead sales this year are expected to be much the same in 1977. But Mr. Anderson commented that "a lot of us in the lead industry are watching the long-term prospects of the metal with some concern." He suggested that despite the recent stronger demand and price strength, there were more potential "soft spots" in lead than for zinc.

LME silver stocks registered a big rise, up by 2,160,000 ounces raising total holdings to 23,510,000 ounces.

Price rise in coffee halted

By Richard Mooney

THE RECENT advance in coffee prices was halted yesterday when the January position on the London futures market fell £29.5 to £1,454.5 a tonne.

The downturn was seen as a disappointed reaction to last Friday's meeting of the Bogota Group of Latin American coffee producers in Guatemala. The group, comprising Brazil, Colombia, Venezuela, Mexico, Guatemala, El Salvador, Honduras and Costa Rica, had been expected to announce tough price support measures, but the communiqué issued at the conclusion of the talks proved something of a damp squib.

The meeting decided to increase the group's strength in the market by the use of the $140m price stabilisation fund it set up in August, but this came as no surprise.

The members also agreed to co-ordinate their international sales so as to avoid flooding the market with large quantities of coffee at one time. The only other decision reported covered a set of export quotas. But London dealers said these added up to the group's total production and were well in excess of consumer demand.

The downward reaction yesterday was encouraged by El Salvador's announcement of a $24 cut to $152 per 50-kilo bag in its minimum coffee export price, which was well above the going market rate.

On the London cocoa futures market yesterday nearby prices climbed to new 1978 highs. The March position closed £27 higher on the day at £2,213.5 a tonne.

Experts to study tapioca dust problem

BANGKOK, Nov. 27.

THE BELGIAN Government is sending experts to Thailand soon to help to solve the problem of air pollution caused when unloading tapioca, director general of the foreign trade department Bajr Israsena told reporters here.

The problem could be solved if tapioca pellets could be made smaller, but it is estimated the technique would increase the production cost by DM20 per tonne, he said.

Pollution caused by tapioca unloading at ports of destination has prompted some EEC members to seek a cut in tapioca imports, he noted.

Reuter

CARIBBEAN COMMUNITY

Future of sugar under scrutiny

BY DAVID RENWICK, PORT OF SPAIN CORRESPONDENT

THE FAILURE of the 1978 Caribbean Community and Common Market (Caricom) sugar crop to reach the target set for it has intensified the debate on the future of sugar as an economic activity in the region.

With export markets under strain, productivity dropping in many territories and the desirability of Caricom using scarce land to grow more of the food it eats itself, the need for careful re-examination of the role of sugar in the 1980s and beyond is recognised by all concerned.

It is true that the gap between target and actual output in 1978 is likely to be a relatively modest 2,000 long tons (936,490 compared with 934,490) by the time the second harvest in Guyana is over next month. But the decline is indicative of a trend that seems to have become endemic in most Caricom sugar-exporting territories.

Barbados, for example, produced 99,256 long tons this year, as against 117,911 tons last year—a drop of 18,655 tons. St. Kitts-Nevis fell 1,730 tons below its 1977 output. Jamaica produced 16,140 tons more during this crop than it did last time but the 1978 figure (301,500) is an alarming 51,257 tons below the level of two years ago.

Trinidad and Tobago is probably the most distressing case of the lot. Its output this year was a mere 144,734 long tons, 28,471 tons less than 1977 and 55,696 tons below the 1976 figure. The 1978 crop was the worst in 26 years.

If it weren't for Guyana, which because of topography and other factors is able to reap two crops a year to everybody else's one, the 1978 Caricom sugar harvest would have cut a very dismal spectacle indeed.

Guyana is confidently expected to have produced 350,000 tons by the time its second crop is processed, 108,473 tons more than last year (when a 135-day strike paralysed the industry) and 17,543 tons above 1976 (probably a better guide).

Guyana has, therefore, attained one of the treasured ambitions of Forbes Burnham, the Prime Minister, in overtaking Jamaica to become the biggest Caricom producer for the first time ever.

It is perhaps not surprising in view of its steadily worsening performance as a producer that Trinidad and Tobago should be in the forefront of those assessing the future of sugar growing.

Dr. Eric Williams's Government has appointed a committee to make recommendations on all aspects of the future of sugar, including possible additions to its traditional role as a sweetener.

Ability

He is on record as having urged his Caricom colleagues during negotiations for the first Lomé Convention with the EEC not to get too distracted by the question of sugar to the exclusion of other concerns.

That was comparatively easy for the Trinidad and Tobago Prime Minister to do, since his country is the only one in the region with the financial ability to support a programme of economic diversification and, perhaps more important, the natural resources to provide the energy and raw materials required.

Other Caricom estates are less well endowed. They must of necessity tread carefully in their appraisal of sugar's continuing role and function in the overall regional economy.

The direct employment of no fewer than 150,000 sugar workers in Trinidad and Tobago, Jamaica, Guyana, Barbados and St. Kitts-Nevis is involved, not to mention the half-a-million dependents these people have to support.

There is also the question of foreign exchange. Sugar is one of the chief earners in most of the territories concerned. St. Kitts-Nevis, for example, was only able to ride out the steep rise in oil and other import costs in 1974 because of its high income from sugar that year.

In addition, a strong school of thought contends that, dollar for dollar, cane is the best user of land and existing acreage should not be turned over to other food crops.

The problem of what to do with the millions of dollars tied up in factories and machinery must certainly also loom large in any consideration of the future of sugar.

When the Trinidad and Tobago committee reports before the end of the year, some idea of the kind of approach that is being recommended for the sugar industry should become evident. The committee is unlikely to suggest that sugar has no future as a domestic crop, because the internal Caricom market for sweeteners is growing.

Indeed, three of the smaller islands which went out of sugar many years ago—St. Vincent, Antigua and Dominica—are now returning to it as a means of supplying local demand and saving the foreign exchange they spend importing the product from their Caricom neighbours.

Fall in UK grain imports likely

BY OUR COMMODITIES EDITOR

BRITISH GRAIN imports are expected to fall sharply in the 1978-79 season as a result of the bumper harvest.

The Home-Grown Cereals Authority predicts that altogether grain imports will decline by 1.25m tonnes to 6.38m tonnes—17 per cent down on 1977-78 and 20 per cent below the average of the past five years.

The major fall in imports is for wheat, which is expected to be 1m tonnes lower at 2.67m tonnes. This reflects not only the bigger harvest but also the improved quality of this year's crop that should allow for increased consumption of home-grown wheat.

Maize imports are also expected to decline from 3.46m tonnes last season by 8 per cent to 3.2m tonnes this year. But maize used for animal feed is forecast to decline by 18 per cent to 1.4m tonnes against 1.71m tonnes in 1977-78 and a five-year average of 1.57m tonnes.

Total usage of cereals for animal feed is forecast to show only a slight drop of 1 per cent to 11.75m tonnes with the maize shortfall being made up by increased use of wheat.

The 1978 U.K. harvest is estimated at 17.43m tonnes, 4 per cent higher than the previous record crop last year. Wheat output is put 25 per cent higher at 6.59m tonnes. The barley crop is estimated to have fallen by 5 per cent to 10.02m tonnes, although the Authority comments that this is considered to be too high a figure in some quarters.

The Authority calculates that there is a residual balance of 1.5m tonnes of barley available for export, which compares with barley exports last season of 2.08m tonnes. Wheat exports are projected to fall from 334,000 to 300,000 tonnes.

A Ministry of Agriculture survey on grain stocks held on farms in England and Wales issued yesterday calculated that 68 per cent of the wheat crop, 64 per cent of barley and 81 per cent of oats remained unsold at the end of September.

Soviet storage problem

MOSCOW, Nov. 27.

SOME OF THE record Soviet grain harvest this year is being left in the fields for lack of storage space, according to the Communist Party newspaper Pravda.

In an article headlined "Where to winter the harvest," Pravda said warehouses and grain stores were not adequate to store the grain and "to date hundreds of thousands of tonnes of grain are still in bales."

The article follows the November 4 disclosure by Premier Alexei N. Kosygin that this year's grain harvest is estimated to reach 230m tonnes, the highest in Soviet history.

The figure is far above last year's disappointing 195.7m tonnes and exceeds by about 10m tonnes the 1978 Soviet plan target.

Pakistan faces crops failure

ISLAMABAD, Nov. 27.

PAKISTAN IS facing the prospect of a poor cotton crop as well as a disastrous wheat harvest this year. It could thus for the first time suffer a failure of both its major crops in the same year.

Government ministers confirm that cotton production will be 700,000 bales below target at under 3m bales. The crop has suffered chiefly from heavy rains coming late in the season as well as pest infestation. When the low output was first predicted late last month there was a run on the cotton market and prices shot up 25 per cent from Rs 400 to Rs 500 per maund (about 37 kilograms).

The Government has said that if necessary exports will be curtailed to ensure that the domestic market is supplied. Estimates vary on the precise size of the home cotton market. But if it is as high at 2.3m bales some exporters will be unable to meet their commitments.

There have been calls for a temporary ban on exports from owners of textile mills, particularly as the Government has re-opened closed mills in an effort to revitalise the industry.

As a result of this year's failed wheat harvest Pakistan is spending between $250m to $300m in foreign exchange on imports to ensure domestic supplies of this staple food.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Barely changed on the London Metal Exchange, as the forward [illegible] held in a narrow range throughout the day with modest volumes traded. [illegible] the morning it advanced from [illegible] to £782, but an easier tendency [illegible] Comex started lower [illegible] expected. [illegible]

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £781, 80.5, 80, 80.5, three months £779, 79.5, 80, 80.5, 80, 81, 80.5. Cathodes cash £749, three months £765.5. Kerbs: Wirebars three months £780, 80.5, 80. Afternoon: Wirebars cash £759, three months £779, 79, 78.5, 79, 79.5, 80, 79.5, 79. Kerbs: Wirebars three months £778.5, 79, 79.5, 79.

TIN—[illegible] to widen to around £150, despite a rise in warehouse stocks, compared with about £90 on Friday. Forward metal moved ahead throughout the day, opening at £7,330 and ending at the day's highest level of £7,415 on the late kerb. Turnover 1,125 tonnes.

Morning: Standard, cash £7,490, 7,510, three months £7,340, 45, 50, 60, 95. Kerbs: [illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7510-20	+125	7525-35	+100
3 months	7390-410	+105	7400-20	+110
Settlem't	7520	+125	—	......
Standard				
Cash	7510-5	+150	7510-20	+150
3 months	7380-5	+95	7390-400	+107
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEAD—[illegible]

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Sett'ment	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Spot	[illegible]	[illegible]	[illegible]	[illegible]

ZINC—[illegible]

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
S'ment	[illegible]	[illegible]	[illegible]	[illegible]
Prim. west	[illegible]	[illegible]	[illegible]	[illegible]

ALUMINIUM—[illegible]

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	607.5-8	[illegible]

* Cents per pound. † On previous unofficial close.

SILVER

Silver was fixed [illegible] an ounce lower for spot delivery in the London bullion market yesterday [illegible]

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unofic'l	+ or —
Spot	310.6p	-0.6	309.7p	[illegible]
3 months	318.05p	-0.5	317.75p	[illegible]
6 months	[illegible]	[illegible]	[illegible]	[illegible]
12 months	[illegible]	[illegible]	[illegible]	[illegible]

LME—Turnover [illegible]

COTTON

Spot and shipment sales in Liverpool amounted to [illegible] tonnes. [illegible] demand continued [illegible] varieties were not neglected.

COCOA

Values advanced in their conditions before profit-taking pared gains at the close. Self trades accounted for much of the volume, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

COFFEE

[illegible]

COFFEE	Yesterday's Close	+ or —	Business Done
[illegible]	[illegible]	[illegible]	[illegible]

GRAINS

[illegible]

	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] Maize: U.S./French unquoted. French Nov. 104.50, Dec. 105.00, east coast. South African White No. 1/2 Jan. 67.50, U.K. South African Yellow No. 1/2 Jan. 67.50, U.K. Barley: English feed fob Dec. 85.50, Jan.-March 83.00, east coast sellers, Jan.-March 88 paid, April-June 91.00 fob.

MARK LANE—Lively with keener merchant buying interest. [illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

LONDON—Dull and featureless, reported Buche.

(Pence per kilo)

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

Price in tonnes unless otherwise stated

	Nov. 27 1978	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free market (cif)	$1,150/80	......	$1140/50
Copper cash W Bar	£759	-1.5	£752
3 months do. do.	£778.75	......	£773.25
Cash Cathode	£747	-1.0	£740.5
3 months Do. do.	£767	-1.75	£762
Gold Troy oz.	$197.875	-3.75	$245.125
Lead cash	£413.5	+3.25	£426.65
3 months	£395	+3.25	£413.25
Nickel		......	
Free Market (cif) (lb)	$1.68 1.82	......	$1.75 1.88
Platinum troy oz.	£156	......	£142
Free Market	£169	-2.75	£166.85
Quicksilver	$140/50	......	$122/27
Silver troy oz.	310.6p	-0.6	298.1p
3 months	318.05p	-0.5	305.6p
Tin Cash	£7,515	+150.0	£7,307.5
3 months	£7,395	+107.5	£7,675
Tungsten (z)	$141.88	......	$141.55
Wolfram 22.04 cif	$140.45	......	$143/48
Zinc cash	£350.5	-3.5	£355.25
3 months	£361.5	-3.0	£367.75
Producers	$720	......	$720
Oils			
Coconut (Phil)	$670r	+5.0	$610
Groundnut	‡		‡
Linseed Crude (v)	£338	......	£326
Palm Malayan	$595x	-5.0	$640
Seeds			
Copra Philip	$660t	[illegible]	$610
Soyabean (U.S.)	$281x		$298
Grains			
Barley			
Home Futures	£86.95	+0.85	£82
Maize			
French No. 3 Am.	£104.50	......	£102.75
Wheat			
No. 1 Red Spring	£95.75q	+1.5	£94.5
No. 2 Hard Winter	£90.5w	+3.25	£97
English Milling	†£94	+1.5	£91.5
Cocoa shipment	£2,254	+27.5	£2,059
Future Mar.	£2,213.5	+27.0	£2,004.5
Coffee Future			
Jan.	£1,454.5	-29.5	£1,447.5
Cotton 'A' Index	80.15c	......	78.25c
Rubber kilo	59.5p	-3.0	58.25p
Sugar (Raw)	£99	......	£107
Wooltops 64s (kilo)	274p	......	296p

* Nominal. † New crop. ‡ Unquoted. n Nov.-Jan. q Sept. t Nov.-Dec. u Jan. w Dec. x Per ton. z Indicator prices.

FINANCIAL TIMES

Nov. 24	Nov. 23	Month ago	Year ago
265.28	262.96	266.62	242.27

(Base: July 1, 1952=100)

REUTERS

Nov. 27	Nov. 24	Month ago	Year ago
1524.7	1519.8	1531.1	1497.8

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Nov. 24	Nov. 22	Month ago	Year ago
Spot	397.48	[illegible]	[illegible]	368.17
Futures	388.99	[illegible]	[illegible]	320.61

(Average 1924-25-26=100)

MOODY'S

	Nov. 24	Nov. 23	Month ago	Year ago
Spie Commodity	[illegible]	[illegible]	[illegible]	922.3

(December 31, 1931=100)

GRIMSBY FISH—Supply poor, demand good. [illegible]

LONDON TEA AUCTION—About steady: [illegible]

New York commodity merger talks

By John Wyles

NEW YORK, Nov. 27.

THE SEARCH for new alignments in U.S. commodities futures trading has now brought together New York's four largest commodity exchanges in talks "to discuss the feasibility of a merger."

The ground for a merger was thought by many to have been laid last year when the four exchanges moved onto a common trading floor in the World Trade Center in lower Manhattan. Since then the four have discussed combinations with other exchanges and among themselves but now they have moved on to examining the logic of a comprehensive union.

They are the Commodity Exchange, which has had formal talks with the New York Stock Exchange and the Chicago Board of Trade, the New York Coffee and Sugar Exchange, which has been approached by the Chicago Mercantile Exchange, the New York Cocoa Exchange, which has been talking with Coffee and Sugar and the New York Mercantile Exchange which has previously had discussions with the Commodity Exchange.

Each of the exchanges is anxious to encourage the creation of an entity which would be a more effective rival to commodities trading in Chicago, but it is not clear to what extent each is prepared to submerge its own interests and identity in pursuit of that goal.

Lower Soviet cotton crop forecast

WASHINGTON, Nov. 26.

COTTON BOLLS in some replanted areas of the Soviet Union have still not opened fully and frost and cool weather in October slowed the ripening, reports the U.S. Department of Agriculture.

The Soviet Union's 1978-79 cotton crop was estimated by the USDA on November 14 at 12.5m bales (480 lb net), down from the record 12.7m harvested last season.

USDA's Foreign Agriculture magazine reported seed cotton deliveries are lagging behind last year at 7.8m tonnes on October 25 against 8m at the same date a year earlier.

Weather has been more favourable in recent weeks, however, and the harvesting rate has improved, although not enough to catch up with last year's crop.

The worst difficulties appear to be in Uzbekistan but some other regions have exceeded delivery goals.

Reuter

STOCK EXCHANGE REPORT

Rally in leading equities taken a stage further on improved investment enthusiasm—Gilts also firm

Account Dealing Dates Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 13	Nov. 23	Nov. 24	Dec. 5
Nov. 27	Dec. 7	Dec. 8	Dec. 19
Dec. 11	Dec. 28	Dec. 29	Jan. 9

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

A slight improvement in investment enthusiasm became noticeable in stock markets yesterday at the start of a new trading account. Increased interest was being shown for leading industrials and also for good-quality secondary stocks with recent worries about the pay situation being brushed aside as buyers began hunting for shares considered cheap after the slide from September's high point of the year.

Issues selected in the weekend financial columns were often supported along with those of a more speculative flavour, but business overall was still on the low side with many of the price gains exaggerated because of underlying stock shortage. To illustrate the relative size of yesterday's trade, the number of bargains marked came to 4,554 which was slightly higher than the Friday and week-ago levels but was much the same as the total marks on the first day of the previous account.

After a slow opening, the F.T. 30-share index was a mere 0.2 better at 10 am. last week's rise in leading issues was taken a useful stage further, but prices generally ended below the best as seen in the index close of five points up at 484.9, after having touched 486.5 at the noon calculation. Among the index constituents, rises ranged to fourpence and occasionally more, but Beecham again figured in the rare dull spots. Of the various sectors, Banks were notable following generous publicity on a broker's recent circular and this subsection of the F.T.-Actuaries indices rose 2.8 per cent to 192.86.

British Funds regained composure after Friday's late unsettlement on the then-expected increase in US Prime rates of ½ per cent to 11½ per cent. Marginally firmer quotations at the outset attracted a renewed small investment demand which extended the improvements among the high-coupon longs to ½, while the shorts achieved gains to ¼. For the remainder of the session, business was negligible and the shorter maturities eventually drifted back to Friday's list levels but the mediums and longs held their ground.

Institutional and arbitrage offerings in an investment currency market bereft of buying interest saw the premium drift down from an opening level of 82¼ to 78¼ per cent before closing 2¼ down on the day at 79¾ per cent. Yesterday's SE conversion factor was 0.7483 (0.7361).

Contracts in the Traded Option market amounted to 530, about 100 up on last week's daily average. Shell were lively with 110 trades, while 106 were completed in ICI.

Banks in demand

Publicity given to a broker's bullish circular attracted buyers to the major clearing banks. Closing levels were a couple of pence below the best, but **Barclays** finished 11 to the good at 358p, **Midland** 10 up at 355p, while **NatWest** rose 9 to 275p and **Lloyds** 6 to 268p. Merchant Banks made modest progress in places. Among Hire Purchases, **Lloyds and Scottish**, which last week made an offer for Cedar Holdings, added 4 at 92p, while **Wagon Finance** rose 3 to 43p.

Insurances moved higher in thin trading. **Sun Alliance** 12 to the good at 518p, led the advance in Composites, while brokers were notable for a rise of 8 to 238p in **Willis Faber**.

Breweries and kindred issues tended higher in expectations of a good Christmas trade. **Distillers** were active and hardened 3 to 204p. **Arthur Bell** added 4 to 246p, while revived hopes of a possible bid from Bass Charrington lifted **Matthew Clark** 6 to 136p, after 137p. Despite the increased profits and dividend, **Matthew Brown** were unchanged at 110p.

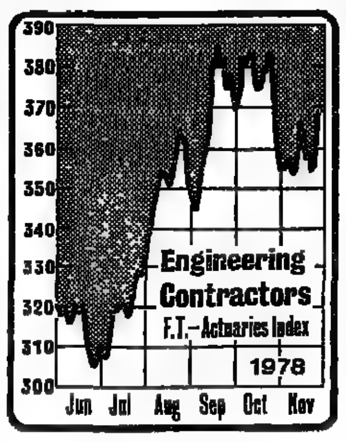
Selected Buildings attracted early attention and usually held best levels. **Blue Circle** gained 6 to 344p and **Tunnel B**, still reflecting the interim results, added a like amount to 256p xd. **BPB** firmed 3 to 231p in anticipation of tomorrow's interim figures and **RMC** put on 5 to 133p following Press comment on its waste disposal subsidiary, Hales Containers. *Speculative demand lifted* **Breedon and Cloud Hill Lime** 6 to 118p and **J. Smart** 2 to 46p, after 47p. **FPA Construction** and **Streets of Godalming** provided contrasting dull spots: the former, still unsettled by the interim loss, gave up a penny to 11p, after 10p, for a fall of 6 since Friday's announcement, and the latter, in response to the lower interim results and gloomy statement on current trading, shed a like amount to 20p.

ICI firmed 4 to 368p, while **Stewart Plastics** attracted further speculative demand and touched a high for the year of 190p before settling 5 higher on balance at 157p.

Burton firm

Stores provided several firm features. **Burton** stood out as a resurgence of speculative interest lifted the A 6 to 178p and the ordinary and Warrants 2 apiece to 182p and 43p respectively. **UDS** put on 3 to 93p as did **British Home** to 159p, while **Marks and Spencer** hardened a penny to 86p. Elsewhere, speculative support left **MFI Furniture** 10 to the good at 160p, after 162p. Mail-order concern **Freemans** revived with a rise of 15 at 355p and **Ratners** were wanted at 69p, up 5. Comment ahead of tomorrow's first-half figures left **Wallis** 3 dearer at 85p, while **Home Charm** added 4 to 208p following an investment recommendation. In Shoes, gains of 3 and 4 respectively were recorded in **Strong and Fisher**, 68p, and **Stylo**, 77p.

A noticeable revival of buying interest developed in the Electrical sector where **AB Electronic** stood out with a gain of 8 to 142p ahead of today's annual meeting. **Racal** found support ahead of Thursday's preliminary results and rose a similar amount to 334p, while rises of around 7 were marked against **Farnell**,



370p, and **Muirhead**, 197p. Favourable weekend Press mention stimulated interest in **Fidelity**, 2½ up at 83p, and in **MK Electric**, 3½ higher at 213p xd. *Comet Radio Services hardened* 4 to 132p awaiting today's results. Among the leaders, **GEC** firmed 5 to 323p with the aid of Press mention. Occasional demand lifted **Plessey** 4 to 110p.

Still benefiting from last week's news of the proposed acquisition of Link Systems, **United Engineering** encountered further demand and put on 8 more to 82½p. Elsewhere in the Engineering sector favourable Press mention left **Stothert and Pitt** 5 higher at 218p *and* **Brockhouse** *4 dearer at 60½p* while others to improve for the same reason included **Lake and Elliot**, 37p, and **W. E. Norton**, 38½p, both around 2 better. Fresh scattered support lifted **Braithwaite** 5 more to 112p and **Babcock & Wilcox** 4 to 158p, but **Anglo Swiss** eased 1½ to 29p on the increased pre-tax loss. **Ransomes Sims** gained 5 to 158p in a difficult market, while **WGI**, up 2 further at 132p, continued to reflect the good interim results, proposed *acquisition and dividend forecast*. Among the leaders, **Tubes** were noteworthy for a rise of 8 to 394, while **Hawker**, 225p, and **GKN**, 268p, firmed 4 apiece and **Vickers** edged up 2 more to 201p.

Selected Foods usually made headway following a slow trade. Up 4 at one stage following weekend Press comment, **Tate and Lyle** was finally unchanged at 182p. Revived takeover talk lifted **Robertson** 6½ to 145p xd. **Northern Foods** held a Press-inspired gain of 2 at 98p, and buyers were attracted to **Lennons** which added *a like amount at 35p*. **Cullens A** found a little more support and firmed 3 to 146p: the interim results are due on Thursday.

In Hotels, **Trust Houses Forte** advanced 5 to 238p aided by a broker's recommendation.

Sothebys new peak

The new Account started firmly for the miscellaneous Industrial leaders as a sporadic buying *interest and the absence of fresh* selling was enough to leave improvements ranging to 9 by the close. **Reed International** ended that much dearer at 165p and **Reckitt and Colman** improved 7 to 462p, while **Pilkington**, 288p, and **Rank**, 252p, added 6 apiece. **Turner and Newall** improved 4 to 180p in response to Press comment. **Beecham**, however, were quoted at 605p ex-dividend, down 5½, with sentiment still clouded by the group's recent *£82½m fund-raising* call. Elsewhere, continued hopes that the company will announce share-slimming proposals with the annual results next month helped **Sothebys** to rise 13 to a 1978 peak of 365p, while buying in a thin market helped **ICL** revive with a rise of 14 to 436p. Demand ahead of the interim figures due on December 21 helped **Lindustries** rise 6 to 137p and **Avon Rubber** gained 4 to 181p ahead of tomorrow's preliminary results. **E. Fogarty**, at 152p, recorded a **Press-inspired** rise of 4, while **Hays Wharf** added 8 at 134p and **Gripperods** 5 to 68p. **Chamberlain Phipps** put on 3 to 44p in response to the increased first-half profits.

A good market of late on Press comment, **Management Agency and Music** gained 5 to a high for the year of 107p. In Televisions, **HTV N/V** advanced 5 to 115p on yield considerations.

Motor sectors remained in quiet *mood, although scattered speculative demand developed in* **ERF**, 7 better at 129p, and **Dowty**, 8 to the good at 278p. **Kwik-Fit** added 1½ to 30½p after weekend Press comment. **Rolls-Royce**, on the other hand, receded 1½ to 97½p on fears about possible Iranian tank order cancellations. **Pennine Motor**, suspended at 17p last Tuesday, returned to the market at 11p after reorganisation proposals and the announcement of a six-month trading deficit.

Ahead of tomorrow's *interim* statement, **Daily Mail A** rose 6 to 338p. Elsewhere, Christmas card manufacturers **Wilson Brothers** attracted small buying and improved 3 to 42p. Interest was also seen in **Mills and Allen**, 7 higher at 215p.

Although the trend was to higher levels, Properties attracted a comparatively small turnover. The leaders usually added two or three pence. Elsewhere, Press comment on bid possibilities lifted **Bellway** 3 to 78p xd, after 79p, but the interim results left **Property and Reversionary A** unmoved at 312p. **Haslemere** improved 4 to 244p, as did **Property Security Investment** to 114p. Others supported included **Trafford Park Estates** and **Laing A**, both 3 higher at the common price of 120p.

Oils improve afresh

Oils made useful progress, but trading was extremely thin. ***British Petroleum*** advanced 12 further to 948p ahead of Thursday's third quarter figures. **Shell** gained 10 more to 594p, but **Royal Dutch**, ¼ lower at £41⅞, reflected dollar premium influences. Fresh speculative demand lifted **Oil Exploration** 12 to 234p, while **Tricentrol** hardened 4 to 172p following news of the refinancing arrangements for its Thistle oil field loans.

Weekend Press mention helped stimulate a little interest in Shippings. *P & O. Deferred edged up* 3 to 82p and **Lofs** improved a similar amount to 38½p, while, in a restricted market, **Manchester Liners** improved 10 to 225p.

Mirroring firmness that developed late on Friday following the interim figures, **Caird (Dundee)** put on 2 to 22p. Investment recommendations helped **Dawson International**, 95p, and **Courtaulds**, 121p xd, to show rises of 4 and 3 respectively. News of a proposed £150,000 rights issue, however, clipped 2 from **Yorkshire Fine Woollen Spinners**, 40p.

Favourable Press comment lifted **Bats** 8 to 288p and the Deferred 6 to 250p.

Westfield soar

Westfield Minerals continued to dominate mining markets as renewed speculative buying followed Friday's news that the company had found uranium mineralisation "in place" in the Humber River area of Newfoundland.

The shares opened firmer at 345p and climbed to an all-time high of 395p before profit-taking pared the price to 360p at the close for a net gain of 40.

The shares have nearly trebled in little more than a month. **Northgate Exploration**, which has a 45 per cent stake in Westfield also made progress and advanced 20 more to 460p.

On the other hand, trading in South African Gold shares remained at minimal levels with prices falling away in line with the downturn in the investment currency premium and the fall in the bullion price, with the latter finally $3.75 easier at $197.875 per ounce.

Modest London, Cape and Continental selling was reported in the morning and early afternoon and U.S. selling in the after-hours' trade resulted in a further weakening in prices.

Consequently the Gold Mines index gave up 4.3 to 129.8, its lowest level since December 20, 1977. The ex-premium index lost 1.6 to 97.2.

South African Financials moved similarly to Golds. **Anglo American Corporation** fell 13 to 293p and **De Beers** 16 to 340p. London-registered issues, however, moved ahead thanks to the firmness of UK equities and **Rio Tinto-Zinc** rose to 240p before closing 3 better at 238p.

News that **Impala Platinum** has raised its producer price by $20 to $300 an ounce—in line with the similar rise by Rustenburg last Friday—prompted a fair demand for Platinums. **Impala** put on 5 to 175p ex-dividend.

FINANCIAL TIMES STOCK INDICES

—	Nov. 27	Nov. 24	Nov. 23	Nov. 22	Nov. 21	Nov. 20	A year ago
Government Secs.	68.38	68.20	68.20	68.31	68.19	67.97	74.81
Fixed Interest	69.89	69.74	69.73	69.64	69.53	69.55	77.35
Industrial	484.9	479.9	476.0	476.6	474.0	468.8	469.6
Gold Mines	129.8	134.1	132.9	132.6	132.5	131.8	145.0
Gold Mines (Ex-$ pm)	97.2	98.8	97.6	96.4	96.0	96.0	105.1
Ord. Div. Yield	5.94	5.98	6.04	6.01	6.06	6.12	5.72
Earnings, Y'ld % (full)	15.68	15.70	15.85	15.77	15.92	16.12	17.34
P/E Ratio (net) (*)	8.29	8.22	8.15	8.19	8.11	8.00	8.24
Dealings marked	4,554	4,413	3,980	4,301	4,126	4,268	4,687
Equity turnover £m	—	71.56	73.96	65.11	57.58	45.09	64.41
Equity bargains total	—	16,550	15,937	14,636	14,650	12,963	11,907

10 am 480.1. 11 am 484.2. Noon 486.5. 1 pm 486.0.
2 pm 483.7. 3 pm 484.9.
Latest Index 01-246 8026.
*Nil=8.06.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (4/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	69.30 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	129.8 (27/11)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	152.5	90.0	337.1	54.3

S.E. ACTIVITY

—	Nov. 27	Nov. 24
—Daily		
Gilt Edged	163.9	163.4
Industrial	159.7	158.2
Speculative	32.2	24.7
Totals	103.7	100.4
—5-day Average		
Gilt Edged	[illegible]	[illegible]
Industrial	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

LONDON TRADED OPTIONS

Option	Exercise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.
BP	900	70	[illegible]	97	[illegible]	112	[illegible]
BP	950	27	[illegible]	61	[illegible]	78	[illegible]
Com. Union	130	32	[illegible]	33	[illegible]	37	[illegible]
Com. Union	140	23	[illegible]	26	[illegible]	28	[illegible]
Com. Union	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals		[illegible]		[illegible]		[illegible]	
BOC Intl.	60	11	[illegible]	18	[illegible]	18	[illegible]
Boots	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EMI	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals		[illegible]		[illegible]		[illegible]	

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (20)

BUILDINGS (2)
Armitage Shanks · Parker Timber
CHEMICALS (1)
Stewart Plastics
STORES (3)
Steinberg · Knott Mill
MFI Furniture
ELECTRICALS (2)
A. B. Electronic · Scholes (G. H.)
ENGINEERING (1)
Utd. Engineering
FOODS (1)
Avana
INDUSTRIALS (5)
Christies Intl. · Provincial Laundries
Marling Ind. · Sotheby P. B.
Parker Knoll A
LEISURE (1)
Man. Agency & Music
PAPER (1)
Mills & Allen
PROPERTY (2)
Marlborough · Bellway
OILS (1)
BP

NEW LOWS (15)

AMERICANS (1)
Tenneco 10pcLn. 91-95
BUILDINGS (3)
F.P.A. Const. · Jennings
Gough Cooper
CHEMICALS (1)
Burrell
ENGINEERING (1)
Manganese Bronze
FOODS (2)
Barrow Milling · Brit. Vending
PAPER (1)
Brunning Res. Vtg.
TRUSTS (1)
Anglo International
OVERSEAS TRADERS (1)
[illegible]
MINES (4)
[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantation	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 21	Dec. 4	Feb. 22	Mar. 6
Dec. 5	Dec. 18	Mar. 8	Mar. 20
Dec. 19	Jan. 8	Mar. 22	Apr. 3

For rate indications see end of Share Information Service

Call options were completed in Barker and Dobson, Premier Oil, MFI, Lonrho, Nurdin and Peacock, S & U Stores, Ladbroke Warrants, Hill and Smith, *Eastern Produce, Central Manufacturing*, United Scientific and Burmah Oil. A put was dealt in Matthew Clark, while double options were arranged in Barker and Dobson, Hongkong and Shanghai Banking and Rustenburg Platinum.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Beecham 'New'	Nil pd.	17	48pm	+3	48pm	28pm
BP	£1	17	948	+12	948	720
Barclays Bank	£1	11	358	+11	368	266
Midland Bank	£1	11	355	+10	390	330
Shell Transport	25p	11	594	+10	602	484
Bowater	£1	9	178	+2	212	163
Distillers	50p	8	204	+3	213	163
GEC	25p	8	323	+5	340	233
ICI	£1	8	368	+4	421	328
Marks & Spencer	25p	8	86	+1	94	67½
NatWest	£1	8	275	+9	298	250
BATs Defd	25p	7	250	+6	304	227
Brown (J.) 'New'	Nil pd.	6	46pm	+2	64pm	42pm
P & O. Defd.	£1	6	82	+3	118	76½
Westfield Minerals	C$0.10	6	360	+40	380	80

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or –	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	118	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	117	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or –
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Augustus [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] Waterworks [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Colne Valley Water 8% Red. Pref. 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Newman Inds. 10% Acc. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nightingale 8% Conv. Cum. [illegible]	125	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	West Kent Water 7% Pref. [illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or –
360	F.P.	8/12	[illegible]	[illegible]	Beecham	48pm	+3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Boulton (Wm.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Gifford (Clive)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hopkin & Horton	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Newman Inds.	[illegible]	[illegible]
155	F.P.	8/12	[illegible]	[illegible]	Time Products	167	+2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Mon., Nov. 27, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri., Nov. 24 Index No.	Thur., Nov. 23 Index No.	Wed., Nov. 22 Index No.	Tues., Nov. 21 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	232.84	+1.3	16.96	5.45	8.08	229.81	228.41	229.16	227.67	[illegible]
2	Building Materials (27)	198.72	+1.6	18.21	5.75	7.60	195.58	194.92	195.89	194.28	[illegible]
3	Contracting, Construction (28)	368.34	+0.9	20.24	4.40	7.09	365.22	363.56	363.91	361.49	[illegible]
4	Electricals (14)	542.85	+1.7	13.52	3.43	10.19	533.82	530.05	534.19	530.79	[illegible]
5	Engineering Contractors (14)	369.05	+1.6	17.65	6.02	7.69	363.29	357.19	357.07	356.88	272.1?
6	Mechanical Engineering (72)	182.35	+1.2	18.41	6.12	7.23	180.18	179.33	179.55	178.11	[illegible]
8	Metals and Metal Forming (16)	163.58	+0.5	16.77	8.74	8.29	162.70	161.61	161.38	160.85	[illegible]
	CONSUMER GOODS										
11	(DURABLE) (53)	205.43	+1.3	16.96	5.21	7.86	202.77	201.43	202.45	200.98	[illegible]
12	Lt. Electronics, Radio, TV (16)	255.24	+1.8	14.24	4.02	9.85	250.76	249.18	249.62	248.61	[illegible]
13	Household Goods (12)	172.20	+0.4	17.54	6.61	7.82	171.50	171.42	171.55	170.46	[illegible]
14	Motors and Distributors (25)	121.88	+0.7	21.53	6.95	5.83	120.21	119.22	120.57	119.54	[illegible]
	CONSUMER GOODS										
21	(NON-DURABLE) (172)	209.02	+0.9	16.03	6.00	8.40	207.17	205.76	207.26	205.80	[illegible]
22	Breweries (14)	226.57	–0.2	14.98	6.29	9.29	227.06	225.81	227.47	225.92	[illegible]
23	Wines and Spirits (6)	286.61	+1.5	15.36	5.02	9.55	282.33	280.91	283.91	280.28	[illegible]
24	Entertainment, Catering (17)	261.29	+1.0	14.19	6.73	10.28	258.60	257.06	258.69	255.83	[illegible]
25	Food Manufacturing (19)	204.30	+0.4	18.65	5.46	7.15	203.39	202.89	203.49	202.77	[illegible]
26	Food Retailing (15)	224.02	+1.2	13.93	5.28	10.04	221.40	220.38	223.31	220.55	[illegible]
32	Newspapers, Publishing (12)	364.15	–0.2	22.09	6.67	6.39	364.88	367.60	370.37	364.75	322.13
33	Packaging and Paper (15)	135.61	+1.0	19.58	7.64	6.66	134.32	132.40	132.40	132.29	[illegible]
34	Stores (40)	196.56	+1.0	11.71	4.73	12.27	194.59	192.60	194.83	194.12	181.52
35	Textiles (25)	179.07	+0.4	18.10	8.29	7.16	178.41	176.26	176.01	172.98	[illegible]
36	Tobaccos (3)	235.60	+2.2	23.55	7.97	5.02	230.54	230.54	231.33	229.24	[illegible]
37	Toys and Games (6)	95.23	+0.9	23.57	6.79	4.99	94.34	94.20	93.53	93.53	[illegible]
41	OTHER GROUPS (99)	195.56	+0.6	15.92	6.32	8.07	194.34	192.67	193.67	192.33	[illegible]
42	Chemicals (19)	277.00	+0.8	16.53	6.23	7.37	274.68	271.77	274.77	273.36	[illegible]
43	Pharmaceutical Products (7)	243.40	–0.9	11.40	4.73	10.63	245.57	243.63	242.99	240.45	[illegible]
44	Office Equipment (6)	131.16	+1.9	18.53	5.31	6.44	128.74	127.13	128.61	127.06	[illegible]
45	Shipping (10)	405.29	+0.9	14.93	7.58	8.50	401.55	400.80	399.75	395.90	[illegible]
46	Miscellaneous (57)	212.00	+1.1	17.79	6.66	7.45	209.77	208.55	209.55	208.11	[illegible]
49	INDUSTRIAL GROUP (495)	218.12	+1.0	16.31	5.88	8.20	216.03	214.52	215.71	214.22	195.28
51	Oils (5)	531.33	+1.5	13.15	3.78	8.25	523.43	515.74	518.97	516.31	[illegible]
59	500 SHARE INDEX	243.91	+1.1	15.81	5.55	8.20	241.36	239.37	240.74	239.14	[illegible]
61	FINANCIAL GROUP (100)	166.94	+1.8	—	5.55	—	163.97	163.48	163.63	161.67	157.67
62	Banks (6)	192.86	+2.8	24.28	6.08	6.20	187.55	188.05	187.77	186.01	185.10
63	Discount Houses (10)	209.09	+0.4	—	8.42	—	208.18	207.96	207.72	208.94	195.00
64	Hire Purchase (5)	144.00	+2.7	16.92	5.72	7.80	140.16	139.98	139.03	139.48	153.77
65	Insurance (Life) (10)	136.66	+1.9	—	6.37	—	134.15	133.49	133.52	130.02	127.59
66	Insurance (Composite) (7)	125.71	+1.9	—	6.97	—	123.33	123.26	123.54	121.07	[illegible]
67	Insurance Brokers (10)	322.25	+1.9	14.82	5.19	9.63	316.32	316.15	317.42	314.39	312.08
68	Merchant Banks (14)	76.32	+0.2	—	6.42	—	76.14	76.02	76.07	76.21	77.71
69	Property (31)	256.95	+0.8	3.63	2.96	45.93	254.84	250.77	251.43	250.84	[illegible]
70	Miscellaneous (7)	106.86	—	23.67	7.76	5.47	106.59	107.01	106.96	106.75	[illegible]
71	Investment Trusts (50)	206.76	+0.9	—	5.17	—	204.92	204.05	203.10	201.66	[illegible]
81	Mining Finance (4)	101.69	+0.7	18.48	7.00	6.66	100.99	100.79	100.41	100.55	[illegible]
91	Overseas Traders (19)	297.72	–0.2	16.54	7.84	7.57	298.46	299.94	304.84	302.24	265.75
99	ALL-SHARE INDEX (673)	222.85	+1.1	—	5.66	—	220.35	218.85	219.84	218.23	202.80

FIXED INTEREST PRICE INDICES

	British Government	Mon., Nov. 27	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	103.42	+0.02	—	8.19
2	5-15 years	112.10	+0.24	0.16	8.48
3	Over 15 years	116.38	+0.24	—	12.55
4	Irredeemables	121.17	+0.45	—	13.32
5	All stocks	110.05	+0.16	0.04	9.95

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Mon., Nov. 27	Fri., Nov. 24	Year ago (approx.)
1	Low Coupons	5 years	9.56	9.58	7.27
2		15 years	11.52	11.56	10.01
3		25 years	12.19	12.22	10.70
4	Medium Coupons	5 years	12.64	12.66	[illegible]
5		15 years	12.72	12.75	10.84
6		25 years	12.72	12.75	11.05
7	High Coupons	5 years	12.60	12.62	[illegible]
8		15 years	13.26	13.29	[illegible]
9		25 years	13.31	13.34	[illegible]
10	Irredeemables		12.08	12.13	[illegible]

		Mon., Nov. 27 Index No.	Mon., Nov. 27 Yield %	Fri., Nov. 24	Thurs., Nov. 23	Wed., Nov. 22	Tues., Nov. 21	Mon., Nov. 20	Friday, Nov. 17	Thurs., Nov. 16	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	55.16	†13.45	55.22	55.22	55.14	55.14	55.14	55.14	55.10	61.95
16	Investment Trust Prefs. (15)	51.26	13.60	51.26	51.26	51.54	51.54	51.54	51.54	51.54	56.9?
17	Coml. and Indl. Prefs. (20)	71.42	15.10	71.42	71.42	71.62	71.62	71.62	71.61	71.62	77.2?

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

مكتبة الأسد

AUTHORISED UNIT TRUSTS

F. Winchester Fund Mngt. Ltd.

Old Jewry, EC2 01-606 2167

OB Winchester	18.8	19.6	.....	4.94
Winch'er O'seas	17.6	19.6	.....	4.53

Windsor & Dudley Tst. Mngmnt. Ltd.

Arlington St., S.W.1. 01-499 7551

Windsor Dudley Tst.	71.1	76.4	.....	3.81

For Equitas Securities Ltd. see Abbey Unit Trust Mngrs.

Equity & Law Un. Tr. M.♥ (a)(b)(c)(z)

Amersham Rd., High Wycombe. 0494 33377

Equity & Law	66.7	70.2	+1.0	4.42

James Finlay Unit Trust Mngt. Ltd.

10-14 West Nile Street, Glasgow. 041-204 1321

Finlay Internat'l.	21.2	22.8	.....	2.74
Accum. Units	25.1	27.0	.....	2.74
Finlay Income	34.4	37.0	.....	8.25
Finlay Euro.Fin.	26.8	28.8	.....	2.62
Accum. Units	31.7	34.1	.....	2.62
Finlay Fd.In.Tst.	26.8	28.5	.....	4.42
Accum. Units	31.7	34.1	.....	4.42

*Prices Nov. 22. Next dealing Nov. 29.

Merc. Gen. Nov. 22	190.9	203.1	.....	4.78
Acc. Uts. Nov. 22	252.7	268.8	.....	4.78
Merc. Int. Nov. 22	65.6	69.8	.....	3.19
Acc. Uts. Nov. 22	70.8	75.3	.....	3.19
Merc. Ext. Nov. 23	232.7	242.4	.....	4.95
Accm. Uts. Nov. 23	282.0	293.8	.....	4.95

Midland Bank Group Unit Trust Managers Ltd.♥ (a)

Courtwood House, Silver Street, Head Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	62.1	67.9	−0.1	5.73
Do. Accum.	73.1	80.0	−0.2	5.73
Growth	35.7	38.4	−0.1	3.36
Do. Accum.	38.3	42.2	−0.1	4.07
Capital	25.7	27.7	−0.1	4.07
Do. Accum.	28.1	30.2	−0.1	4.07
Income	51.4	55.3	+0.2	6.88
Do. Accum.	60.0	64.5	+0.2	6.88
International	41.5	44.9	−0.4	3.41
Do. Accum.	44.3	47.8	−0.4	3.41
High Yield	61.9	66.6	+0.3	8.47
Do. Accum.	67.6	72.7	+0.3	8.47
Equity Exempt*	103.6	109.3	.....	6.00
Do. Accum.*	103.6	109.3	.....	6.00
Japan & Pacific	47.0	50.0	.....	1.00
Do. Accum.	47.0	50.0	.....	1.00

*Prices at Nov. 7. Next dealing Dec. 1.

CORAL INDEX: Close 483-488

INSURANCE BASE RATES

†Property Growth	$10\frac{1}{4}$%
†Vanbrugh Guaranteed	10.75%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

PO Box 63, Jersey. 0534 27381

HS Channel Is. F.	121.2	129.8	−3.6	3.20

Box 2622, Bern, Switzerland. Telex 33425

H.S. Overseas Fd.	$US18.38	19.40	+0.12	—
C.S.F. Fd. (Accum.)	SF16.18	16.53	+0.14	—
CrossbowFd.(Acc.)	SF3.84	3.95	+0.06	—
ITF Fd. (Acc.)	$US8.09	8.21	+0.01	—

International Pacific Inv. Mngt. Ltd.

PO Box R237, 56, Pitt St., Sydney, Aust.

Javelin Equity Tst.	$A2.23	2.34	.....	—

J.E.T. Managers (Jersey) Ltd.

PO Box 98 Channel House, Jersey 0534 73673

Jersey Extenl. Tst.	171.0	181.0	.....	—

As at Oct. 31. Next sub. day Nov. 30.

Jardine Fleming & Co. Ltd.

46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$378.56	.....	1.90
Jardine J'pn.Fd.*	HK$410.21	.....	0.80
Jardine S.E.A.	$US17.37	.....	2.00
Jardine Flem.Int.	HK$11.73	.....	—
Intl.Pac.Secs.(Inc.)	HK$14.19	.....	—
Do. (Accum.)	HK$14.33	.....	—

NAV Nov. 14. *Equivalent $US85.55. Next sub. Nov. 30.

I.T.F. Fund	$US18.02	18.59	.....	7.69

United States Tst. Intl. Adv. Co.

14, Rue Aldringer, Luxembourg.

U.S. Tst. Inv. Fnd.	$US10.53	—	+0.03	0.95

Net assets Nov. 24.

S. G. Warburg & Co. Ltd.

30, Gresham Street, EC2. 01-600 4555

Cnv. Bd. Nov. 24	$US9.27		−0.02	—
Eng. Int. Nov. 24	$US17.40		−0.19	—
Gr. St. $Fd. Oct. 31	$US7.10		.....	—
Merc. Ebd. Nov. 22	$US10.35	10.48	.....	0.1717
Merc.Hy.Mkt.Nov.27	£10.14	10.15	+0.02	—

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Oct. 26	$US14.57	14.95	.....	—
CMT Ltd. Oct. 26	£14.62	15.00	.....	—
Metals Tst. Nov. 16	£12.73	13.04	.....	—
TMT Nov. 9	$US9.56	9.71	.....	—
TMT Ltd. Nov. 9	£9.57	10.23	.....	—

World Wide Growth Management♦

10a, Boulevard Royal, Luxembourg.

Worldwide Gth. Fd.	$US14.55	−0.02	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
[illegible]	17	Antofagasta Rly.	23½	.....	—	—
[illegible]	[illegible]	Do. 5pc Pref.	39xd	.....	1½p	—
[illegible]	75	Chilean Mixed	98	.....	—	13.10
411	350	German Yng. 4½pc	411	.....	4½	—
[illegible]	45	Greek 7pc Ass.	50	.....	3½	17.20
[illegible]	45	Do. 6pc 28 Stab. Ass.	49	.....	6	16.24
[illegible]	40	Do. 4pc Mixed Ass.	40	.....	4	15.13

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
55	42	Hung. '24 Ass.	47	.....	4½	16.04
77	65	Ireland 6¾pc '81-83	68	.....	—	12.80
88	82¼	Ireland 7¾pc '81-83	83¼	–¼	7½	13.24
91	77	Do. 9¾pc '91-96	77	.....	—	13.50
425	265	Japan 4pc '10 Ass.	375	.....	—	—
87	67	Do. 6pc '83-88	67	.....	6	12.20
160	140	Peru Ass. 3pc	145	.....	3	2.08
75p	75p	S.G.I. 6½pc 1980	75p	.....	6½	8.67
599	594½	Turin 9pc 1991	594½	.....	9	9.53
DM92	DM81	Turin 6½pc 1984	DM91	.....	6½	8.45
97	94	Uruguay 3½pc	95	.....	3½	4.00

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 33¾% (based on US$1.9363 per £)
Conversion factor 0.7483 (0.7361)

CANADIANS

S.E. List Premium 33¾% (based on $2.2815 per £)

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[illegible]

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104	60	Messina R0.50	62	......	†Q30c	1.9	‡

MISCELLANEOUS

68	35	[illegible]	50	......	—	—	—
17	9	[illegible]	13	......	—	—	—
200	120	[illegible]	150		†Q7½c	2.6	‡
465	255	Northgate C$1	460	−20	—	—	—
263	164	R.T.Z.	235	−3	9.5	2.0	6.0
90	70	[illegible]	44		—	—	—
£12	700	[illegible]	730	−35	—	—	—
85	43	[illegible]	83		†1.75	?	2.5
185	120	Yukon Cons C$1	158		Q7c	2.9	2.4

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¼	$10¼	Buffels R1	$10½	−⅛	Q170c	1.8	18.4
$11¾	530c	East Drie R1	775c	−10	†Q78c	1.7	10.3
585c	330c	East Rand Prp R1	520c	−10	—	—	—
$28⅝	$16½	F.S. Geduld 50c	$17⅝	−½	Q315c	⊕	20.6
$15⅛	975c	Pres. Brand 50c	$11	−½	Q150c	⊕	15.7
$13⅜	900c	St. Helena R1	$10	−¼	Q190c	⊕	22.0
465c	313c	Stilfontein 50c	380c	−10	†Q22c	2.3	6.5
$17⅞	$16⅜	Vaal Reefs 50c	$17½	−⅛	Q115c	3.3	7.6
$37	$25	West Drie R1	$28½	−¼	Q385c	1.7	15.6
$31¼	$19	West Hldgs. 50c	$21	−¼	Q415c	⊕	22.8
$12½	895c	Western Deep R2	$10½	−⅛	Q82.5c	2.4	9.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ⊕ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ☆ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv 20p	25	
Ash Spinning	65xd	+2
Bertam	15	.....
Bdg'wtr Est 50p	323	.....
Clover Croft	28	.....
Craig & Rose £1	615	.....
Dyson (R. A.) A	35	
Ellis & McHdy	66	.....
Evered	24	
Fife Forge	52	.....
Finlay Pkg 5p	21	.....
Graig Ship £1	143	
Higsons Brew	70xd	−1
Holt (Jos) 25p	252	
I.O.M. Stm £1	173	
N'thn. Goldsmith	75xd	+2
Pearce (C. H.)	193	.....
Peel Mills	21	.....
Sheffield Brick	55	
Sheff Refrshmt	67xd	−½
Sindall (Wm.)	114	.....

IRISH

Conv 9% '80-82	£89⅞	.....
Alliance Gas	100	+2
Arnott	352	+12
Carroll (P. J.)	100	
Clondalkin	103	+5
Concrete Prods	130	.....
Heiton (Hldgs.)	48	.....
Ins. Corp.	160	
Irish Ropes	105	
Jacob	55	+2
T.M.G.	108	+6
Unidare	85	.....

OPTIONS

3-month Call Rates

Industrials

A. Brew	6½
A.P. Cement	10
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	6
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met	9
G.U.S. 'A'	20
Guardian	16
G.K.N.	22
Hawker Sidd	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	3
KCA	3
Ladbroke	17
Legal & Gen	14
Lex Service	7
Lloyds Bank	22
"Lofs"	4
London Brick	5
Lonrho	5
Lucas Inds	25
Lyons (J.)	10
"Mams"	7
Mrks & Spncr	10
Midland Bank	25
N.E.I.	12
Nat. West Bank	22
Do. Warrants	20
P&O Dfd	3
Plessey	8
R.H.M.	5
Rank Org 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5

Property

Brit. Land	3¼
Cap Counties	4½
E.P.	5
Intereuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼

Oils

Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20

Mines

Charter Cons	12
Cons Gold	14
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Tuesday November 28 1978

Shipyard order books at low ebb

BY LYNTON McLAIN

WORLD shipbuilding order books are at their lowest for 13 years, according to the latest building returns from Lloyd's Register of Shipping, published this morning.

Only 28m tons gross of merchant ships were on order at the end of September. This compares with the record of 133.4m tons gross in March 1974, since when Lloyd's returns have shown a continuous downward slide in world order books. At the end of June, they stood at 30.4m tons gross. A total of less than 28m tons has not been seen since September, 1965, when only 27m tons gross were on order.

The immediacy of the crisis facing shipyards is underlined by the fact that more than 80 per cent of existing orders are for delivery by the end of next year.

Deliveries of finished vessels during the first nine months of this year outstripped new replacement orders by more than two to one. Total output during that period was over 13m tons gross compared with new orders for only 5.7m tons gross.

Japan was again the leading shipbuilding nation with a total order book of 6.9m tons gross at the end of September. Brazil came second with 2.9m, followed by the U.S. with 2.7m. Poland, Spain and France came next with approximately 1.5m tons each.

In pipeline

Britain had 1.46m tons gross on order, of which only 363,294 had not been started. British Shipbuilders said last week that it had signed no new contracts during the three months to the end of September, but several orders are known to be in the pipeline awaiting EEC Commission approval for British Shipbuilders to subsidise building with the Government's £85m intervention fund. Over a third of the ships under construction in Britain at the end of September were for export.

Norway and Yugoslavia were the only two countries whose order books were higher at the end of September than three months earlier. Yugoslavia increased its orders by 10 per cent to 828,460 tons gross and Norway reported a modest increase of 1,357 tons gross to 604,564.

Elsewhere, the Lloyd's Register figures show that there were reductions in tonnage at all stages of ship production during the third quarter, including the tonnage of ships started, launched and completed.

Almost half the tonnage under construction during the period was for flags of convenience countries.

Continued from Page 1

Ford

supplementary payments plan which forms part of the settlement succeeds only in halving the number of unofficial strikes from which the company has been suffering, it will have paid for everything above the first 5 per cent of the award.

The Government, said Sir Terence, had been invited to join the company in monitoring future performance. He hoped it would not only do this but would encourage the unions and work force to "work with us to help reduce the haemorrhage of the unofficial strike which is destroying the British motor industry."

Last year, said Sir Terence, Ford of Britain lost 5m manhours because people were not doing their jobs, mainly because of unofficial strikes. There would not be a recognisable motor industry in the country in five years time unless progress was made towards stopping this.

The means by which the company hopes to cut down on unofficial stoppages, the supplementary payments plan, forms about 5.1 per cent of the total pay package, and is worth up to £4 a week in cash terms.

Many of the penalty clauses of the company's original proposals were withdrawn in negotiation, and the supplements are now primarily a sanction against unofficial strikes.

Only experience will tell whether the plan will meet Sir Terence's hopes that unofficial stoppages might be halved by the scheme. The whole supplementary payments plan is unpopular with shop stewards, and disputes over its implementation are possible.

Another factor stressed by Sir Terence was that because of losses in the time they were on strike, purchasing power of Ford employees would increase by less than 5 per cent in Phase Four.

"We believe that our settlement is within the intention of the Government's White Paper.

"In our view it is in accord with those intentions to structure pay movements over the 5 per cent guideline in such a way as to get union agreement to the provisions designed to reduce strikes and so produce the necessary savings.

"Certainly you will find nothing in the White Paper which indicates that this is not to be encouraged."

Teng turns down Chinese leadership

BY OUR FOREIGN STAFF

TENG HSIAO-PING, China's Vice-Premier, has turned down an offer to take over as Premier from party chairman Hua Kuo-feng according to reports from Peking last night.

In an interview with a visiting U.S. journalist, quoted by the official New China news agency, Mr. Teng added that the Chinese leadership was meeting to discuss modernisation and to "sort things out." He also defended the policies of the late chairman Mao Tse-Tung.

In the sudden upsurge of political activity in China this past week, there have already been calls for Mr. Teng to replace Chairman Hua.

The vice-premier, in his interview with Mr. Robert Novak, a syndicated columnist who writes for the Washington Post, was reported to have said that being in his 70s he was too old to take over the post of Premier from Chairman Hua. He wanted to concentrate his energies on the modernisation of China.

John Hoffmann writes from Peking: A surging crowd of more than 2,000 people last night staged a street meeting in support of Mr. Teng which reinforced his image as China's popular political hero. The meeting was followed by a spontaneous rally of several hundred in Tien An-men Square at which speakers called for more democratic freedoms in China.

The unofficial guests-of-honour at the meeting were foreign diplomats and news correspondents, who had been invited by a word-of-mouth message circulated throughout the foreign community.

The crowd had been told that it would hear details of an interview held earlier with Mr. Teng by Mr. Novak.

Half and hour before the meeting was due to begin, a huge crowd had packed the broad, dusty footpath at the Hsitan Corner of Peking's main street—the site of most of the poster activity in the city's dramatic week of free-speaking.

Democracy

Chants of "Long live Teng Hsiao-ping," "Long live democracy" and "Long live the people" punctuated the translation of the interview and the speeches that followed.

Mr. Teng had defended the late Chairman Mao Tse-tung against criticisms made during the present poster campaign, the crowd was told.

"The democratic wall in Hsitan is very good," Mr. Teng had said, referring to the wall on which many frank posters have been displayed, demanding democracy and the punishment of corrupt leaders.

"The majority of public opinion is good, but some opinions are wrong. It has been said that Chairman Mao was 70 per cent good and 30 per cent bad. Chairman Mao was better than that."

During last night's meeting, Chinese spoke passionately to foreigners about their aspirations, offered them cigarettes and showed an intense interest in the foreign Press coverage of events in Peking.

"Three times, in their eagerness to hear speakers, the crowd surged in a dangerous crush towards the knot of foreigners at its centre, carrying them several metres before they were calmed.

As the crowd dispersed, foreigners were surrounded again by groups of Chinese who urged them to report to the world on the Chinese people's campaign for democracy.

Wall-posters' civil rights demands—Page 3

China "to allow direct 49 per cent foreign investment." Page 4

Government may face 30% claim by civil servants

By Philip Bassett, Labour Staff

FIRST REPORTS from the independent pay unit for Britain's 600,000 white-collar civil servants indicate that the Government may be faced with politically embarrassing demands for rises of 25 to 30 per cent in the face of its 5 per cent limit.

The Government has said it will base this round's civil service pay settlement on April 1 on the findings of the Pay Research Unit, but subject to incomes policy.

Civil servants, though, are pressing for the results of the comparability exercise to be met in full, and have prepared themselves to take industrial action this winter to support their demands, including the establishment of a £1m fighting fund.

If the Government takes what many civil service union leaders feel to be its only way out, by making civil servants a special case with a staged deal on the lines of those awarded to firemen and police, it could blow a large hole in the special case provisions of the Stage Four White Paper through which others will be keen to follow.

The Pay Research Unit, reactivated for this year's settlement for the first time since its suspension at the start of the present series of pay controls in 1975, shows the gap between civil service rates of pay for grades up to under-secretary level and pay in comparable jobs outside the service, but makes no recommendation on how its findings should be applied.

Evidence

To determine an overall pay rise figure is difficult until most of the unit's reports have been received by the unions, probably in the New Year. But unions have worked out that, on the evidence so far, the average rise needed will be 25 to 30 per cent, with clerical staff rated below that at about 20 per cent and some administrative staff at between 35 and 40 per cent.

The first of a series of meetings of members of the Society of Civil and Public Servants, whose 103,000 executive-grade members are expected to seek rises of about the 25 to 30 per cent level, was told yesterday that evidence from the unit confirmed that they had lost out badly under pay policy.

Mr. Gerry Gillman, general secretary, told the meeting in Newcastle that the Government could no longer plead ignorance to the pay differences between outside executives and civil servants.

"While trade union members in the public services have been given the loyal pittance of pay policy, private sector executives have been quietly collecting perks, re-gradings and pay rises way beyond the Government's norms."

Once all the reports from the unit have been received, the unions and the Civil Service Department will process the information to produce adjusted rates, and begin negotiation on the unit's findings.

Editorial comment, Page 20

No accord on nationalised industries accounting

BY MICHAEL LAFFERTY

DISCUSSIONS in Whitehall aimed at getting the accounts of the nationalised industries on to a consistent basis have failed to reach agreement. Instead, officials are seeking to get the public sector companies to publish comparable supplementary figures in their next accounts.

The initiative to make public sector accounting practices more comparable was launched by the Treasury last summer, following the controversy which developed around the new accounting policies adopted by British Gas and the Electricity Council. Both included supplementary depreciation charges in their main accounts, thereby departing from the convention observed by most other companies.

But an inter-departmental committee which has been discussing the issues in recent months has found little or no room for voluntary agreement. Officials involved talk of some ministries putting two points of view—while the Department of Energy, which is responsible for Coal, Gas and Electricity, is said to have put forward different views for each.

The supplementary figures which the nationalised industries may now publish would follow the Hyde interim inflation accounting guidelines, used by many quoted companies. But there would be no gearing adjustment to take in the gains from long-term borrowings.

Instead, it is proposed to relate the inflation-adjusted profits to each industry's financial targets. This would mean that British Gas and the Post Office may have only one set of accounts each since they have already incorporated inflation adjustments in their main accounts.

Other industries, like the National Coal Board and British Rail, would have two sets of accounts.

Inquiry on State role in industry, Page 5

Labour policy committees seek British veto of EMS

BY ELINOR GOODMAN, LOBBY STAFF

THE LABOUR PARTY'S two senior policy drafting committees last night totally rejected the Government's formula keeping Britain's option open over the European Monetary System.

At a joint meeting with the Chancellor, the home policy and international committees of the National Executive Committee called on the Government to use its veto to stop the proposed system being set up at all, regardless of whether Britain was a member.

The proceedings, which included a verbal punch-up between the Chancellor and Mr. Denis Skinner, the new left-wing member of the executive, showed the attitude now adopted by the Government for Britain's participation in the European Monetary System has done nothing to assuage the hostility of anti-Marketeers to the EMS.

The meeting, chaired by Mr. Anthony Wedgwood Benn, Energy Secretary, who has already annoyed the Prime Minister by speaking out against the EMS in spite of his membership of the Cabinet, passed a three-part resolution which called for a free vote on the question of the proposed monetary system, and for the publication of the Treasury's confidential working papers on the system. The resolution also called on the Government not to enter into any commitments on behalf of the UK that would pre-empt the rights of Parliament. It emphasised that no undertaking could be given before the drafting of the party's election manifesto, that a future Labour Government would be bound by any European monetary arrangement entered into now.

At its conference in Blackpool two months ago, the Labour Party passed a motion condemning the European Monetary System in general terms. Yesterday's resolution was far more precise in the way it tried to bind the hands of Government. It was approved without opposition at a meeting of the two committees, which was dominated by the left-wing members of the NEC.

Those NEC members in favour of European co-operation who attended the meeting, like Mrs. Shirley Williams, were greatly outnumbered and left before the resolution was put. It could well be that, if the same motion is put to today's meeting of the Parliamentary Labour Party, it would be lost.

Yesterday's resolution was passed in spite of the Chancellor's efforts to persuade the NEC that there was no question of Britain joining the system if it meant, as the committee members obviously feared, reduced growth or increased unemployment.

Mr. Healey reminded the meeting that, with an election coming up, the party should avoid splitting itself over Europe. But in spite of his plea for party unity, Mr. Healey was accused by Mr. Skinner of using "bully-boy tactics" and forgetting the party's obligations to the working class.

Spanish bank fined £12.8m

BY ROBERT GRAHAM

MADRID, Nov. 27.

THE SPANISH Ministry of Finance has imposed a fine equivalent to £12.8m on a Spanish bank, Banco Coca, for alleged fiscal fraud. This is believed to be the biggest fine of its kind ever imposed.

Banco Coca is a medium-sized bank, controlled by the Coca family. In September it merged with Spain's largest banking group, Banesto.

The fine, imposed within the last 10 days, had not been made public, but was confirmed today by a senior official in the Finance Ministry.

Banco Coca is already appealing against it.

The fine of 1.8bn pesetas follows a detailed examination of the bank's books, initiated in the early spring and prompted by the proposed merger with Banesto.

The alleged irregularities are understood to relate to the financial year 1977-78.

If the appeal is rejected, the cost would be almost exactly equivalent to Banco Coca's reserves before the merger. It then had a Pts 3bn capital and Pts 1.87bn in reserves.

Since Banesto has now formally absorbed Banco Coca the fine would have to come from the merged bank's resources.

From September Banesto had a Pts 22.7bn in capital and Pts 30.9bn in reserves—total resources equivalent to £382m.

Banesto announced its proposed merger with Coca on December 21, the day on which its main rival, Banco Central, was approving a merger with another medium-sized family bank, Banco Iberico.

At the same time the banking community regarded Banesto's move as hastily taken, and motivated largely by the consideration that Central would usurp its place as Spain's largest banking group.

Difficulties in assimilating Banco Coca delayed an early conclusion to the deal. Then in early June Sr. Enrique Minarro, a former senior board member of Coca, was charged with two other persons, with breach of exchange control regulations involving Pts 651m.

At the same time it was revealed that the Finance Ministry was inspecting property and share deals by companies alleged to be linked to Banco Coca.

The present fine is understood to be independent of the case of Sr. Minarro. Though he had his passport impounded, he jumped his Pts 50m bail, managed to leave the country, and is now thought to be in Brazil.

Continued from Page 1

'Save Times' plea

"We have got no quarrel with our NGA staff at the present time," Mr. Cole said.

The Times placed full-page advertisements in national daily newspapers outlining the pay and conditions agreement it has said must be signed by 54 different bargaining units, as well as national union leaders—Thursday night. Only one such agreement has been signed so far at house level, plus a procedure agreement with union leaders that has yet to be ratified by chapels.

Mr. Callaghan was asked to intervene personally in a letter from Mr. Max Madden, Labour MP for Sowerby. Earlier Mr. John Smith, the new Trade Secretary, said that the Government had no such plans. Ministers, the Advisory, Conciliation and Arbitration Service, and TUC leaders are, however, all watching developments closely.

Today many print workers are expected to join a rally in Central Hall, Westminster, and a lobby of MPs organised by the National Society of Operative Printers, Graphical and Media Personnel, which represents about 2,000 of Times Newspapers' 4,000-plus staff.

Negligence claim by UDT settled

By John Brennan, Property Correspondent

WEST END surveyors Connells and the legal firm of Berwin Leighton have reached an out-of-court settlement with United Dominion Trust over the finance house's £335,000-plus claim for negligence.

UDT sued the surveyors and the legal firm late last year over advice received on an abortive property development scheme at Cat Hill Barnet, five years before. The finance house had claimed negligence in the advice which led to its acquisition of the site without the appropriate planning permissions.

UDT's claim amounted to £335,000 compensation plus accumulated interest that could have added several hundred thousand pounds to its suit.

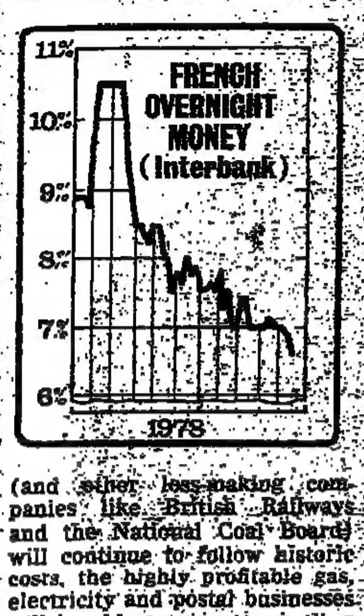
Now the legal firm and the surveyor have settled the claim to UDT's "satisfaction." No details of the settlement are to be released, but it is understood that UDT has received an "appreciable" amount.

UDT's claim was only one of a string of legal claims that have arisen over professional property advice given during the period of the property "boom." Early last year another finance house, Singer and Friedlander, received a £1m judgment against surveyors John D. Wood over a "boom" period valuation of housing land. And, just last week, the liquidator of Nation Life Insurance announced that he was to start legal proceedings against surveyors Herring Son and Daw over its £5m valuation of a Nation Life property now valued at just £1m.

THE LEX COLUMN

France prepares for the EMS

Index rose 5.0 to 484.9



The prospect of France's joining the EMS has brought euphoria to the Paris money market. Although inflation refuses to fall below 9 per cent day-to-day money has been knocked down to 6⅞ per cent, the Bank of France has been supplying funds at 6⅞ per cent and many dealers expect it to move lower soon.

The latest burst of confidence, coming after a period when overnight funds had stabilised around 7 per cent, reflects the calm with which the franc has held its own against the mark during the recent currency turmoil. Indeed, the franc is already behaving as if it were in the snake, and the Bank of France has been buying marks at around 2.295 francs over the past few days to prevent the franc from officially entering at too high a parity.

The fall in interest rates has been a boon to the authorities, enabling them to finance a good deal of this year's alarming running deficit (the full year's budget deficit looks like being around FFr 35bn against a target of FFr 8.5bn) through the banking system. Treasury bills have been snapped up and the total in circulation has risen to over FFr 80bn from little more than FFr 60 bn at the end of last year.

Theoretically these bills may be discounted at the central bank. But soon after the last occasion, in September, on which there was nervousness around the franc and the banks indulged in heavy discounting of bills, minimum reserve requirements were raised—something of a rap over the banks' knuckles. It is noticeable now that the Bank of France is acting to keep an unusually steep yield curve in the short money market: it will lend against Treasury bills at 6⅞ per cent for one month and 7⅛ per cent for three months. The steep slope is good for selling bills on, and short rates may easily be jerked up if a cold speculative wind blows from over the Rhine.

Nationalised Accounts

The muddle over state industries' accounts is to continue. The latest news is that the Treasury has been disappointed in whatever feeble hopes it may have had to bring some order back to the accounts of companies like British Gas, the Electricity Council, and British Steel. While the latter (and other loss-making companies like British Railways and the National Coal Board) will continue to follow historic costs, the highly profitable gas, electricity and postal businesses will be able to report according to a conservative mixture of conventions chosen by themselves.

The only progress which has been made is that all the State industries may now publish comparable, supplementary, inflation-adjusted figures. The idea is that each company should produce something like a Hyde statement. But the gearing adjustment would be limited to working capital, and the result would be compared with any financial targets established for each industry. This information is worth having, but its credibility will depend on the way in which interest payments are accounted for.

Tricentrol

Tricentrol seems to have won surprisingly attractive terms for the £60m refinancing of its Thistle field stake. Under the original loan, which was guaranteed by the U.K. Government in return for an onerous minimum royalty of 5 per cent, Tricentrol had the option of converting up to half of it into a production payment, provided certain production and financial criteria were met. The official guarantee on the converted part would then lapse and to reflect this the interest rate spread over London interbank offered rate would have been increased from 1¼ per cent to 2¼ per cent.

As yet Tricentrol has not been able fully to meet the above preconditions for conversion into a production payment, "nevertheless the banks have agreed to a refinancing which reduces the Government guaranteed part of the loan to a third and will significantly reduce the royalty payments which Tricentrol will have to pay to the Government. In addition, Tricentrol no longer has to dedicate all the initial cash flow to repaying the loans (it can now use some of it for some more exploring) and instead of repaying all the loans by 1980, Tricentrol now has up to 1983.

In return, the banks are getting an interest rate spread of 2 per cent over Libor for the first 18 months, which then falls to 1½ per cent and gives an average spread of 1¾ per cent. In less competitive times the banks might have been able to press for a royalty payment to reward them for accepting the greater risk now that the Government guarantee is being reduced.

Swiss hedge

On December 1 the Swiss central bank will introduce an imaginative new scheme to allow any Swiss exporter to cover itself forward against its budgeted foreign currency inflow over a maximum of two years. If the exporter sells too much currency forward—that is, if his budget proves optimistic—the central bank will relieve the exporter of the extra currency he needs to meet his forward commitment. The price will leave the exporter with no loss.

The Central bank will charge a fee for this insurance. It ultimately hopes to put the idea onto a commercial footing by encouraging the private sector to provide the service. Its fee will vary with the proportion of the forward exchange commitment which the exporter wants covered—up to a maximum of forty per cent. Only commercial inflows will be covered and only in dollars and D-Marks.

There is, unfortunately, no immediate prospect of introducing this attractive idea to the UK. Whereas the Swiss authorities are anxious to protect Swiss industry from the consequences of a strong currency, the British authorities want to prevent British businessmen from speculating against a weak one. Far from covering export budgets, British companies may only arrange forward exchange cover on a "firm contractual commitment" to deliver or receive foreign currency.

Weather

UK TODAY

A very cold Northeasterly airstream will cover the UK. All Eastern Districts will have wintry showers, but Western and Central parts will be mainly dry with sunny then clear periods. It will be very cold everywhere with widespread frost early and late.

Outlook for Wednesday and Thursday: Cloud and rain, preceded by snow, will spread to Northern and Western areas. The East will be mostly dry with sunny intervals. Cold in the East with overnight frost, less cold in the West.

From the London Weather Centre

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Bahrain	S	26	79	Madrid	F	6	43
Barcelona	S	12	54	Manchstr.	C	1	34
Beirut	S	20	68	Melbourne	C	20	68
Belfast	C	3	37	Mexico C.	S	19	66
Belgrade	C	11	52	Milan	R	4	39
Berlin	F	3	37	Montreal	C	−9	16
Brmghm.	C	3	37	Moscow	Sn.	−3	27
Bristol	S	4	39	Munich	C	−1	30
Brussels	S	3	37	N'castle	Sn.	2	36
Budapest	R	2	36	N. York	Sn.	−2	28
B. Aires	S	24	75	Oslo	Sn.	−3	27
Cairo	S	22	72	Paris	S	4	39
Cardiff	F	5	41	Perth	C	24	75
Chicago	Sn.	1	34	Prague	C	0	32
Cologne	F	4	39	Reykjavik	C	−1	30
Copenhgn.	F	2	36	Rio de J'o	C	27	81
Dublin	S	4	39	Rome	F	14	57
Edinburgh	S	2	36	Singapore	S	28	82
Frankfurt	F	4	39	Stockholm	C	0	32
Geneva	C	2	36	Strasbrg.	C	3	37
Glasgow	F	3	37	Sydney	S	32	90
Helsinki	Sn.	−1	30	Tehran	C	7	45
H. Kong	S	20	68	Tel Aviv	S	20	68
Jo'burg	C	21	70	Tokyo	R	11	52
Lisbon	C	15	59	Toronto	Sn.	−6	21
London	S	4	39	Vienna	Sn.	1	34
Luxemb'g	S	2	36	Warsaw	Sn.	0	32
				Zurich	C	1	34

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	F	10	50	Istanbul	F	15	59
Algiers	R	26	79	Jersey	C	7	45
Biarritz	S	7	45	Las Plms.	C	21	70
Blackpool	S	4	39	Locarno	C	9	48
Bordeaux	S	5	41	Majorca	F	11	52
Boulogne	S	4	39	Malaga	F	14	57
Casablnca.	F	16	61	Malta	F	16	61
Cape Town	S	23	73	Nairobi	S	23	73
Dubrovnik	R	11	52	Naples	R	8	46
Faro	C	16	61	Nice	S	11	52
Florence	C	9	48	Oporto	R	14	57
Funchal	C	16	61	Salzburg	Sn.	1	34
Gibraltar	F	15	59	Tangier	F	16	61
Guernsey	C	6	43	Tunis	C	9	48
Innsbrck.	Sn.	0	32	Valencia		13	55
Inverness	F	1	34	Venice	R	5	41
Is. of Man	C	5	41				

S—Sunny. F—Fair. SL—Sleet. Sn.—Snow. R—Rain. C—Cloudy.

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